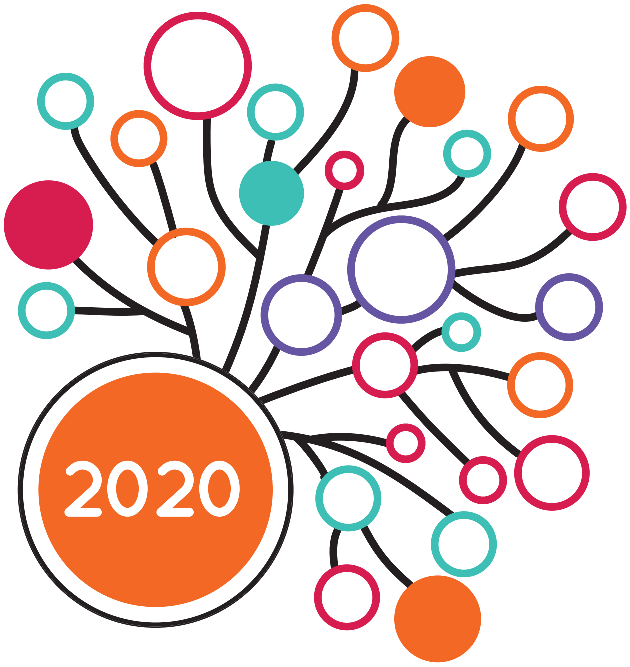
quadient

UNIVERSAL REGISTRATION DOCUMENT

2020

Contents

quadient



UNIVERSAL REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The universal registration document was filed on 17 May 2021 with the French financial markets authority as the competent authority in accordance with Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. The universal registration document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by a simplified prospectus and, where applicable, a summary and all the amendments made to the universal registration document. The entirety thus constituted is approved by the French financial markets authority in accordance with Regulation (EU) 2017/1129.

This is a translation into English of the universal registration document of the Company issued in French and it is available on the website of the Company (https://invest.quadient.com/en-US).

Pursuant to article 19 of regulation (EU) 2017/1129, the following information is included in this universal registration document by reference:

- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 123 to 233 of the universal registration document for the year ending 31 January 2020 filed with the AMF on 4 May 2020 under number D.20-0444 and available on the website of the Company (https://resources.quadient.com/m/3dd6ae99bf0095a8/original/2019-Universal-Registration-Document-.pdf) ;
- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 109 to 209 of the registration document for the year ending 31 January 2019 filed with the AMF on 29 April 2019 under number D.19-0433 and available on the website of the Company (https://resources.quadient.com/m/b2d76ae92ccf580d/) ;
- the management reports for 31 January 2020 and 31 January 2019 may be found on pages 67 to 78 and 55 to 63 of registration documents D. 20-0444 and D. 19-0433.

MESSAGE FROM THE **CHAIRMAN**

DIDIER **LAMOUCHE**

CHAIRMAN OF THE BOARD

"AFTER THE SUCCESSFUL COMPLETION OF THE FIRST PHASE OF THE TRANSFORMATION, THE BOARD HAS FULL CONFIDENCE IN THE SUCCESS OF THE SECOND PHASE OF THE BACK TO GROWTH PLAN."

To the Shareholders,

The health crisis suddenly interrupted a series of seven consecutive quarters of organic revenue growth. From the very start of the pandemic, every effort was immediately made to protect our employees while ensuring business continuity. In this dramatic and unprecedented context, the Board of Directors promoted and recognized the outstanding agility demonstrated by the Company in order to mitigate the financial impact from the crisis as much as possible. Beyond the resilience of the business, Quadient maintained strong profitability through cost control, generated strong free cash flow and preserved its solid financial position.

In parallel, Quadient continued to invest in the future and implement its Back to Growth strategic plan. The Board supported a number of initiatives aimed at continuing the transformation of the Company and taking full advantage of the acceleration of the shift to digital and booming e-commerce: divestments, acquisition of two North American FinTechs, implementation of new distribution partnerships and further development of the parcel locker business.

The first phase of the plan enabled to conduct an in-depth transformation of the organisation, refocus the business portfolio and implement a number of synergies. However, half-way through this plan, it was necessary to review our major orientations and take into account the effects from COVID-19.

To this end, the Board supervised the preparation of the second phase of Back to Growth. After reviewing the various options available to us, we set a bold new target for the next three years, with the aim of creating sustainable value for Shareholders. In keeping with our deleveraging objectives and maintaining our dividend policy, we will allocate excess cash between organic investments, acquisition opportunities and share buybacks.

By becoming a signatory of the United Nations Global Compact, Quadient also confirmed its CSR commitments. As a responsible company, the Board is very proud of the recognition granted to the Company by non-financial rating agencies, with the renewal of the “Prime” status by ISS ESG, the “Gold” medal awarded by EcoVadis or its sixth place in the overall ranking of Gaïa Research.

Lastly, the Board is very pleased with the closer dialogue engaged with our shareholders, especially during the “Governance” roadshow organized at the end of the year: this increased communication, which is ever more necessary in this turbulent time, enabled us to explain the relevance of our strategic choices and address topics representing major areas of concern for some of our shareholders. After the successful completion of the first phase of the transformation, the Board has full confidence in the success of the second phase of the Back to Growth plan.

Didier LAMOUCHE

THREE QUESTIONS TO THE **CHIEF EXECUTIVE OFFICER**

GEOFFREY **GODET**

CHIEF EXECUTIVE OFFICER

"OUR OBJECTIVES ARE NOW EXCLUSIVELY BASED ON ORGANIC GROWTH, WHICH MARKS A SIGNIFICANT SHIFT IN OUR DEVELOPMENT STRATEGY."

How did Quadient make it through the crisis this year?

Our revenue proved relatively resilient. At a little over €1 billion, it recorded a 7.3% organic decline in 2020. The high proportion of recurring revenues enabled us to mitigate the decrease in hardware and license sales. We also saw a strong rebound as soon as the economy started to recover: after a decline of around 13% in the first half of the year, our sales fell by only 2% in the second half, with even better profitability compared to the second half of 2019. Strict cost optimization measures enabled us to save €46 million in operating expenses and record a high EBITDA margin of almost 24% in 2020. We posted current EBIT of more than €150 million and net income of €40 million. We generated free cash flow of €167 million, allowing us to further reduce our debt and end the year with a strong liquidity position. In parallel, we maintained our investment efforts, particularly in R&D, and preserved our workforce, especially sales teams, in order to be ready for the recovery in 2021.

What is the outcome of the first phase of your Back to Growth plan?

We have profoundly changed and streamlined our organization. From a holding company comprising around fifteen independent units, we have become a unified Company, now focused on three strategic activities. Alongside our traditional mail-related business –which is in structural decline but where we are still gaining market share and generating significant cash flows–, we have expanded into two fast-growing activities which represented 27% of our sales in 2020 compared to 18% only two years before. Our relevant and recognized software offer enables us to support our customers in the digitization, automation and personalisation of their communications. A portfolio that is now complemented by the acquisitions of YayPay and Beanworks, two FinTechs that enable us to offer solutions for managing invoicing flows. In addition, our parcel locker business benefits from booming e-commerce and provides a compelling last mile delivery solution. These two growth engines also generated strong commercial, R&D, back office and supply chain synergies with our mail-related business, of around €100 million in 2020.

What are your goals for the second phase of Back to Growth?

Our objectives are now exclusively based on an organic growth trajectory, which marks a significant shift in our development strategy. We have now reached a point where the increased weight of our growth engines will enable us to more than offset the decline in our mail-related business while improving our profitability. The health crisis has accelerated the need for SaaS and Cloud software solutions for intelligent communication automation. And we aim to double the number of our parcel lockers installed worldwide within three years. Over the 2021-2023 period, we target average organic revenue growth of at least 3% per year, and at least mid-single digit organic growth in current EBIT. To achieve this, we are going to step up our R&D investments and accelerate the launch of new products. Also, with a highly cash-generative business, we should be able to continue deleveraging the Company while maintaining our dividend policy.

PROFILE & ACTIVITIES

Simplify
the connection
between people
& what matters

Quadient helps companies simply and efficiently create meaningful, personalized interactions with their customers.

There is always something important for the customer behind every interaction, whether the interaction involves mailing a contract, confirming a reservation via text message, receiving a parcel, paying a bill, or communicating through a mobile or web app.

Quadient aspires to be among the leaders in each of its key areas of business.

3 areas of business

INTELLIGENT COMMUNICATION AUTOMATION

An intelligent set of integrated technologies to automate business-critical customer communications and processes, save time, reduce costs, drive better customer experience and high level of engagement from internal and external constituents

- A true end-to-end cloud-based global business communications platform to manage over a billion customer-facing communications and critical business interactions each and every day.
- Supporting businesses in Customer Communications Management (CCM) and Customer Experience Management (CXM), including customer journey analytics and orchestration, as well as Accounts Receivable (AR) and Accounts Payable (AP) automation.

Global market

USD c.1.2 billion
CCM market

USD c.3.0 billion
CXM market

USD c.1.0 billion
AR market

USD c.1.5 billion
AP market

CUSTOMER EXPERIENCE MANAGEMENT

Quadient Inspire, a software solution that helps large businesses design, manage and send personalized, omnichannel communications in large volumes and on demand (statements, invoices, etc.), and that helps customize the digital experience they offer their customers through bespoke mobile and web applications:

- The compliance of communications is vital in strictly regulated industries, such as financial services, insurance and healthcare;
- Quadient's products and services are shifting toward SaaS and subscriptions.

Sales(1)
€126 million
-8.5%(2)

BUSINESS PROCESS AUTOMATION

SaaS and cloud-based software solutions to automate communication for small & medium-sized enterprises, streamline and digitize the management of their documents and processes

- Quadient Impress: multichannel outbound document management platform that automates the customer communication workflow.
- YayPay: Accounts Receivable process automation solution, from invoice lifecycle management to cash collection, credit risk assessment and order-to-cash process.
- Beanworks: Accounts Payable solution automating error-prone manual processes like data entry and approval follow-ups, reducing risks and cutting invoice processing costs.

Sales(1)
€70 million
+7.6%(2)

(1) 2020 sales. (2) Organic change compared to 2019.

440,000 customers

A fragmented, diversified customer base in terms of industry and location

€1.0 billion
Sales

-7.3%
Organic change(3)

90
Countries where Quadient's products are distributed

5,235
Employees

MAIL-RELATED SOLUTIONS

Extensive line of hardware and software for preparing and sending mail (franking systems and folders/inserters suitable for both low and high volumes):

- Mail processing remains a major market despite the structural decline in letter volumes;
- A market with high barriers to entry;
- North America represents approximately 50% of the global market.

Sales(1)
€687 million
-11.4%(2)

Global market
>€ 2.9 billion
excluding production mail

PARCEL LOCKER SOLUTIONS

This solution, which consists of lockers integrated with software to automate the tracking of parcel drop-off and pick-up, helps optimize the management of last-mile parcel delivery and simplifies parcel retrieval, whether that happens in public places, at retailers' sites or at residences:

- The only proven automated solution as of today, offering notably contactless delivery;
- A fledgling, multi-local market suited to the increasing number of parcels with the boom of e-commerce.

Sales(1)
€86 million
+35.3%(2)

Market
More than 2 million
boxes(4)

(3) Excluding currency and scope effects.

(4) Quadient's estimate of the installed base across its key markets (including the United States, Japan, France and the United Kingdom).

"BACK TO GROWTH" STRATEGY

"Transform" 2019-2020

Implemented early 2019, the "Back to Growth" strategic plan involved both a strong refocus of Quadient's solutions portfolio and a major transformation of its operating model.

To learn more: Chapter 1.2

Quadient aimed at building leading market positions in highly growing businesses that are synergistic with its foundational mail-related activities. Customer communication and experience management, business process and document workflow automation, as well as automated parcel locker solutions were selected to be the Company's growth engines while continuing to benefit from Quadient's strong position in the highly profitable and cash generative mail-related business.

In the meantime, Quadient has profoundly changed its organization to simplify its operating model, gain efficiency and unite the entire company under a unified brand and a strong common culture. The executive team has been renewed with new talents hired to lead the transformation, leaner management layers were put in place with a strong regional focus, and centers of excellence were established to streamline internal tools and processes, and better leverage the teams' expertise.

Simplified and refocused our operations and solutions portfolio to become a leader in each of the growth markets that we serve.

BOLT-ON ACQUISITIONS		DIVESTMENTS
c. €195-200 million cash-out to date		*c. €90-95 million cash-in to date*
	2019	
PARCEL PENDING Parcel locker solutions in the US		*Data quality* Satori Software Human Inference
	2020	
YayPay Accounts Receivable (AR) automation solutions		*Shipping software* temando (Shut down) ProShip
	2021	
Beanworks Accounts Payable (AP) automation solutions		*Graphics business in Australia*

Defined a sustainable value creation model based on validated growth engines, recurring revenue and Major Operations

Reduction of dependency to Mail-Related Solutions

2018	2020	
18%	27%	GROWTH ENGINES % of total Group revenue

Strong share of subscription-related revenue

2018	2020	
68%	69%	SUBSCRIPTION-RELATED REVENUE % of total Major Operations revenue

Focus on Major Operations

2018	2020	
84%	89%	MAJOR OPERATIONS % of total Group revenue

Organized as one company to quickly scale by leveraging our expertise, infrastructure, commercial relationships and global footprint, generating c. €100 million top and bottom-line synergies in 2020.

In March 2021, Quadient announced the phase two of "Back to Growth".

Going forward, we will continue building on our strengths and executing our strategy with a clear ambition.

"Drive Sustainable Value" 2021-2023

Installed base business
Generating strong subscription-related revenue and highly profitable

Leader in our markets
For each solution and in all major geographies

Leveraged customer base
With strong commercial synergies across all solutions especially with our mail-related business

quadient
Because connections matter.

Double-digit growth engines
To continue rebalancing our business portfolio

SaaS-based software business
Covering all needs for intelligent communication automation

Strong focus on innovation/technology/cloud
With the launch of new products for all solutions

Accelerate convergence software strategy with Intelligent Communication Automation (ICA) to best meet customer requirements, in line with market drivers

In a context of acceleration of digital tools adoption, the needs for customer communications management, customer experience management, Accounts Receivable and Accounts Payable automation solutions are increasingly converging. Quadient has combined its Customer Experience Management and Business Process Automation solutions into a true end-to-end cloud-based global business communications platform, named "Intelligent Communication Automation". This more holistic, integrated and simplified value proposition will benefit both clients and partners, driving further revenue synergies within each customer segment.

Continue generating more synergies between solutions and operations, powered by being a unified Company

Customer synergies
Cost synergies
Operational capabilities

YayPay Beanworks
Additionnal synergies

ICA
PLS
quadient
Because connections matter.
MRS

Further cross-selling opportunities thanks to an end-to-end communication software offering within ICA portfolio, and between MRS and ICA

Growing pipeline of cross-selling opportunities (UK, France, Japan, Canada)

Further supply chain/ service/call centers synergies (integration and scaling of Parcel Pending in Europe)

Centralized G&A (IT, RH, finance, transformation…) and **marketing functions**

Define forward-looking objectives to measure impact of CSR activities, starting in 2021, by now being a signatory member to UN Global Compact

BUSINESS MODEL

A portfolio of solutions with a significant share of recurring revenue and commonalities between the business models

INDUSTRY TRENDS

Digitalization, a major catalyst in the change of communication and business process automation

Despite its structural decline, the mail market remains large

Customer experience, the playing field where companies can differentiate themselves

Management of last-mile parcel delivery, a priority as e-commerce surges

STRENGTHS

An integrated company

- New organizational structure and a representative brand for all activities. New tagline: "Because connections matter."
- Focus on the main growth drivers in **three** major geographic regions: **North America / Main European Countries / International**
- Direct or indirect distribution network covering **90** countries

High-performing industrial assets

- **3** production centers
- **5** logistics centers
- **100%** of industrial sites are certified ISO 14001, OHSAS 18001/45001

A culture of R&D and innovation

- **5.3%** of sales dedicated to R&D
- More than **660** engineers
- **7** R&D centers
- A team dedicated to digital innovation

Expert teams

- **5,235** employees
- Diverse backgrounds: expertise, origins, skills, cultures, outlooks
- **80%** of employees completed a training session in 2020; **28%** of these training sessions were about digital technology

A strong financial structure

- Robust liquidity position: **€514 million** in cash and **€400 million** of undrawn credit lines at end-January 2021
- Debt backed by future cash flows from rental operations and leasing portfolio (**€512 million** net debt)
- Leverage excluding leasing: **0.4x** EBITDA(1)

(1) Net debt excluding leasing/ EBITDA excluding leasing.

SMART HARDWARE

BUSINESS MODEL
(underlying factor)

Subscription-related revenue

- **Rental / leasing** *(installed base)*
- **Support / maintenance** *(installed base / charging for maintenance services)*
- **Supplies** *(Mail-Related Solutions: use / mail volumes)*
- **Subscription / use** *(Parcel Locker Solutions: based on usage rate in certain cases)*

Revenue not related to subscriptions

- **Equipment sales** *(number of units sold x per-unit price)*
- **Installation services** *(Parcel Locker Solutions)*

	MAIL-RELATED SOLUTIONS	PARCEL LOCKER SOLUTIONS
CUSTOMERS	Small and medium-sized enterprises; Large accounts	Residential; Universities; Corporates; Retailers; Carriers
SUBSCRIPTION-RELATED REVENUE	Approx. 70%	Approx. 50%

SOFTWARE/ DIGITAL SOLUTIONS

BUSINESS MODEL
(underlying factor)

Subscription-related revenue

- **Subscription (SaaS)** *(installed base)*
- **Use** *(usage rate)*
- **Maintenance** *(installed base / charging for maintenance services)*

Revenue not related to subscriptions

- **License sales** *(number of units sold x per-unit price)*
- **Professional services** *(invoiced on a time spent basis)*

INTELLIGENT COMMUNICATION AUTOMATION

BUSINESS PROCESS AUTOMATION

CUSTOMER EXPERIENCE MANAGEMENT

CUSTOMERS

Business Process Automation:

- Segment of largest small & medium-sized enterprises
- 70% of Business Process Automation customers are Mail-Related Solutions customers

Customer Experience Management:

- Large accounts
- 10% of sales are generated by Mail-Related Solutions customers

SUBSCRIPTION-RELATED REVENUE

Approx. 60%

2020 RESULTS

- SALES: **€1.0 billion**
- RECURRING REVENUE: **71%**
- MAJOR OPERATIONS: **89%** of sales, of which:
  - NORTH AMERICA: **55%**
  - MAIN EUROPEAN COUNTRIES: **40%**
  - INTERNATIONAL: **5%**
- CURRENT EBIT(2): **€152 million**(3)

(2) Before acquisitions-related expenses
(3) Incl. earn-out reversal related to Parcel Pending acquisition for €6.5 million

VALUE CREATION

CUSTOMERS

- Circular economy: **34.6%** of hardware marketed are produced through a remanufacturing process
- **97%** customer satisfaction rate

PEOPLE

- **€430 million** paid in employee wages, bonuses, commissions and payroll charges
- **97.2%** of permanent contracts to support local jobs
- **33.3%** of women in the Group
- **29%** of managers are women

SUPPLIERS

- **€85 million** in production purchases
- **89.2%** of suppliers assessed comply with the requirements of the Suppliers' Code of Conduct

STATES AND REGIONS

- **€33 million** in taxes
- **9.2%** reduction in CO_2 emissions compared to 2019 (scopes 1, 2 and 3)
- **86.4%** of waste recycled
- Employees involved in many volunteering initiatives in their local communities

SHAREHOLDERS

- **€12 million** in dividends paid for fiscal year 2019

QUADIENT, **A RESPONSIBLE COMPANY**

Quadient runs its business with the greatest integrity, offering its customers innovative and sustainable solutions while working to limit its impact on the environment. Quadient has defined a CSR program, aligned with its operations and strategy, around five pillars.

Signatory of the United Nations Global Compact

By joining the UN Global Compact in 2021, Quadient asserts its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on human rights, labor, environment and anti-corruption within its sphere of influence.

Quadient will also undertake actions to advance the following Sustainable Development Goals (SDGs):

4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Our 2021-2023 objectives

- **>80% of employees benefiting remote working** 2 days or more per week
- **>30% of women** among managers and Senior Leaders
- Being recognized **"Best Places to Work"** with score greater than 70

- All employees endorsed the **Code of Ethics** and completed the training
- All employees completed one or more **compliance training programs**
- All our strategic suppliers endorsed the **Supplier Code of Conduct**

- **Reduce our carbon emissions** by:
  (i) 28% for scope 1 & 2 between 2018 and 2030
  (ii) 40%/€m revenue for targeted categories, for scope 3 between 2018 and 2030
- **Remanufacturing** to account for more than 50% of mail-related products placed on the market

- Achieve overall **customer satisfaction** above 95%
- Pursue **investments in R&D** above 4.5% of our consolidated revenue

- **5,000 annual hours +** contributed by Quadient's employees supporting communities
- **25% of employees involved** in volunteering & sponsorship projects

A strategy recognized by non-financial rating agencies

vigeo eiris	Gaïa Research by EthiFinance	ecovadis GOLD 2020 Sustainability Rating	CDP	ISS ESG	FORUM ETHIBEL
54% overall score (+2 points vs. 2018)	*Ranked 6th out of 230 (+3 places vs. 2019)*	*Eco Vadis "Gold" for 3 consecutive years*	*B grade for last 3 consecutive years*	*Maintained "Prime" Status*	*Included in 2020 Ethibel EXCELLENCE & Ethibel PIONEER Investment Register*

Empowering Quadient's people to achieve the Company strategy

Health, safety and well-being

- *"Best places to Work"* score **68.68/75**
- **0.05%** % absenteeism due to workplace accidents
- Enhancement of wellness and employee assistance program during the COVID-19 pandemic

Flexible working conditions

- Implementation of *"Work from anywhere"* and *"Smart Work"* programs
- During the COVID-19 pandemic, **79%** of employees worked remotely

Inclusion and diversity

- New inclusion & diversity policy and adhesion to inclusion & diversity charters
- Women represent **33.3%** of Quadient's total workforce and **16.9%** of Senior Leaders
- Deployment of the *"Empowered Communities"* program

Human capital development

- **80.3%** of employees attended at least one training course in 2020
- Deployment of the "*LinkedIn Learning*" e-program and online English classes

To learn more: Chapter 5.1.3

Enabling a culture of excellence and integrity

Code of Ethics

- Deployment of updated Code of Ethics and Ethics alerting system
- **64.2%** of employees have completed the training on the Code of Ethics
- **61.8%** of employees have endorsed the Code of Ethics

Data protection and information security

- **16** security audits conducted

Responsible procurement

- **221** suppliers assessed, representing more then **98%** of production purchasing
- **89.2%** of suppliers assessed comply with the requirements of the Suppliers' Code of Conduct

To learn more : Chapter 5.1.4

Reduce Quadient's environmental footprint

Circular economy

- **86.4%** of industrial waste recycled
- **29.6%** of used ink cartridges collected

Climate change

- Low carbon energy (renewable energy and heating network) accounts for 16.64% of the total energy consumption
- En 2020, Quadient obtained a score of **B** on the Carbon Disclosure Project (CDP) questionnaire

Industrial waste and green-house gas emissions materially decreased due to exceptional COVID-19 environment, following a notable reduction in 2019

To learn more : Chapter 5.1.5

Build the best customer experience by offering innovative, reliable, and sustainable solutions

Technology & innovation

- **5.3%** of sales dedicated to R&D, especially to develop cloud-based offer for digital solutions and enhance existing products with new functionalities

Sustainable products and solutions

- **34.6%** of hardware products placed on the market come from remanufacturing

Customer satisfaction

- Customer satisfaction rate of **97%**

To learn more : Chapter 5.1.6

Engage and support the communities

Philanthropy

- A new Philantropic program at corporate level around three causes: education and decent employment, inclusion and diversity, and the reduction of waste and pollution
- A new Philanthropy policy
- Selection of a community engagement platform to promote volunteering
- Several local sponsorship and volunteering initiatives

To learn more Chapter 5.1.7

A LARGELY INDEPENDENT **BOARD OF DIRECTORS**

DIDIER LAMOUCHE
Chairman of the Board

GEOFFREY GODET
Chief Executive Officer

The Board of Directors has 12 members, who provide their expertise notably in the fields of digital, e-commerce, new technology and corporate governance.

It has approval power over Quadient's strategic guidelines and decisions, and checks the proper execution of the strategy, including new project launches, investments, divestments and acquisitions.

12 Number of meetings

91% Average attendance

80% Independence of Directors*

40% Women*

MARTHA BEJAR
Since June 2019
● Strategy and Corporate Social Responsibility Committee

HÉLÈNE BOULET-SUPAU
Since June 2017
● Audit Committee ● Remuneration and Appointments Committee

ERIC COURTEILLE
Since July 2012
✪ Chairman of a committee (Audit Committee)

VIRGINIE FAUVEL
Since July 2016
● Remuneration and Appointments Committee

NATHALIE LABIA
Employee representative director
Since August 2020

CHRISTOPHE LIAUDON
Employee representative director
Since August 2019

WILLIAM HOOVER JR.
Since July 2013
● Audit Committee

VINCENT MERCIER
Since July 2009
● Strategy and Corporate Social Responsibility Committee ✪ Chairman of a committee (Remuneration and Appointments Committee)

RICHARD TROKSA
Since July 2016
✪ Chairman of a committee (Strategy and Corporate Social Responsibility Committee)

NATHALIE WRIGHT
Since June 2017
● Strategy and Corporate Social Responsibility Committee

● *Audit Committee* ● *Strategy and Corporate Social Responsibility Committee* ● *Remuneration and Appointments Committee* ✪ *Chairman of a committee*

MAPPING OF THE BOARD'S EXPERTISE

General management, executive functions, management, and entrepreneurship	7
Technology & IT	7
Digital (e-business, e-commerce, machine learning, customer experience)	7
Finance	5
Technology, cybersecurity	5
Strategy, innovation & transformation	4
M&A, private equity	3
Operations, supply chain	3
Consulting	3
Retail	3
Banking & insurance (FinTech)	2
Logistics	1
Other industries (travel and entertainment, capital goods, consumer goods)	5

(*) *In accordance with French law and the AFEP-MEDEF Code, employee representative directors are not counted when determining the percentage of Independent Directors or the proportion of women on the Board of Directors.*

AN INTERNATIONAL **MANAGEMENT TEAM**

GEOFFREY GODET
Chief Executive Officer

The management team is composed of the leaders from each support function, along with the business leaders within each of our major solutions, R&D and operations by geographic region.

During the fiscal year 2020, Quadient continued to streamline the management team as part of a further integrated organization. The Company today takes advantages of new types of expertise as well as more international and more specialized background.

SUPPORT FUNCTIONS

STÉPHANIE AUCHABIE
Human Resources

BRANDON BATT
Transformation

LAURENT DU PASSAGE
Finance

STEVE RAKOCZY
Digital

TAMIR SIGAL
Marketing

OPERATIONS

BENOIT BERSON
France & Benelux

DROR ALLOUCHE
Germany, Austria, Switzerland & Italy

DUNCAN GROOM
United Kingdom and Ireland

IAN CLARKE
International and Additional Operations

SOLUTIONS

CHRIS HARTIGAN
Intelligent Communication Automation

ALYNA WNUKOWSKY
Business Process Automation

ALAIN FAIRISE
Mail-Related Solutions

DANIEL MALOUF
Parcel Locker Solutions

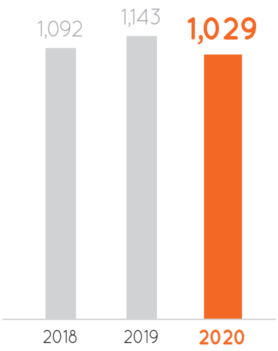
ZBINEK HODIC
Software Technology

THIERRY LE JAOUDOUR
Hardware Technology

FINANCIAL **PERFORMANCE**

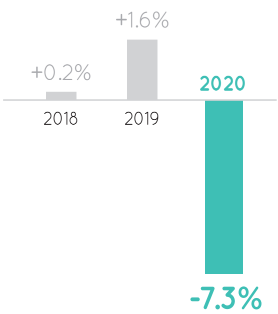
INCOME STATEMENT

SALES
(in million euros)



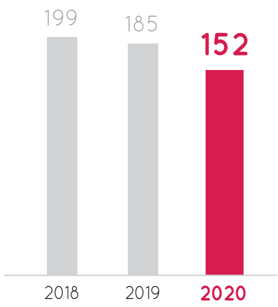
In 2020, recurring revenue accounted for 71% of the Group's total sales.

ORGANIC CHANGE[1]
(annual growth rate)



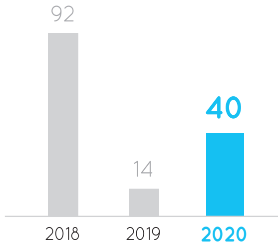
In 2020, the Group's business model proved resilient, with solid recurring revenue performance in spite of difficult trading and economic conditions, leading to a contained decline in total sales.

CURRENT EBIT[2]
(in million euros)



Current EBIT mainly reflected the revenue decrease and active cost management in both cost of sales and operating expenses. It included a €6.5 million earn-out reversal of related to Parcel Pending acquisition.

NET INCOME
(in million euros)

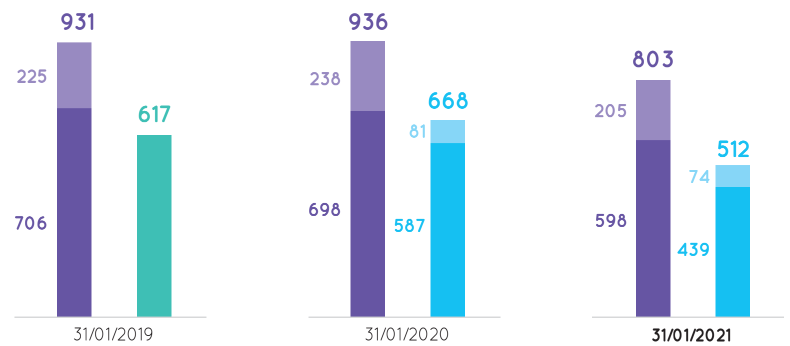


Net attributable income amounted to €40 million in 2020 compared to €14 million in 2019. Earnings per share stood at €0.92 in 2020.

(1) Change excluding currency and scope effects

(2) Before acquisitions-related expenses

FINANCIAL STRUCTURE
(in million euros)



Net debt was reduced by €156 million to €512 million as at 31 January 2021, with an improved leverage ratio[1] of 2.1x compared to 2.4x as at 31 January 2020. The Group's net debt is backed by future cash flows generated from its rental and leasing activities and other financing services. Excluding leasing, the leverage ratio remained low at 0.4x as at 31 January 2021.

Future cash flow from rental operations
Leasing portfolio
Net financial debt
IFRS 16 impact
Net financial debt excluding IFRS 16 impact

(1) Net debt / EBITDA ratio.

INVESTOR **RELATIONS**

2021 financial agenda

Q1 2021 sales: 26 May 2021*

Annual General Meeting: 1 July 2021

Second quarter 2021 sales and first half-year 2021 results: 27 September 2021*

Q3 2021 sales: 23 November 2021*

(*) *Publication after the close of trading on the Euronext Paris stock exchange.*

Listing information quadient

Listing: Euronext Paris

Market: Compartment B

ISIN Code: FR0000120560

Ticker: QDT

Indices: CAC® Mid & Small and EnterNext® Tech 40

Investors met in 2020

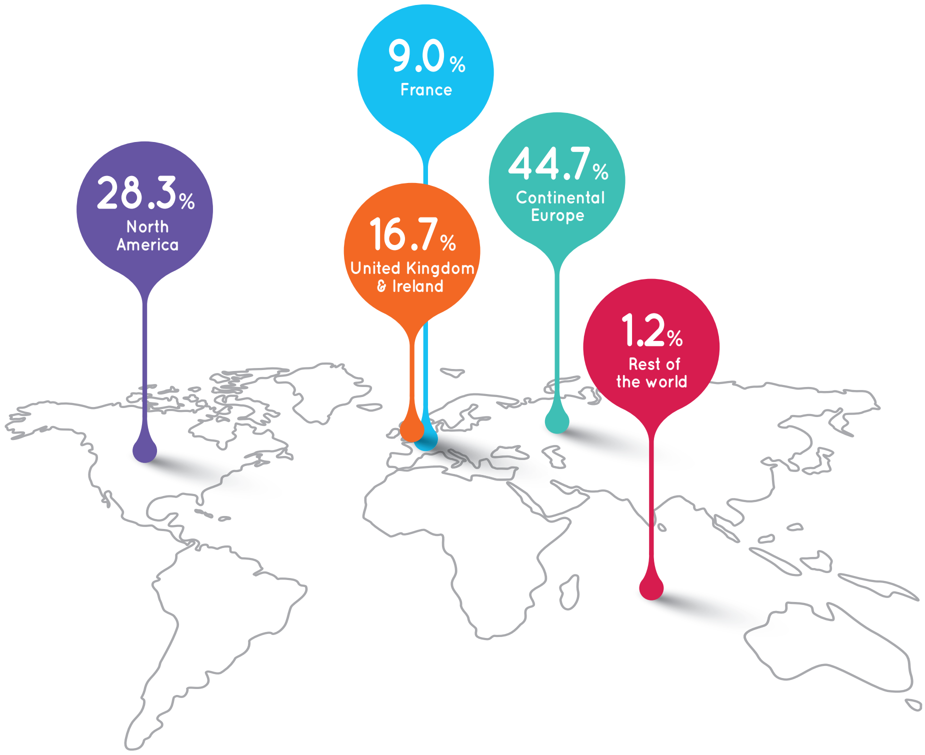
Institutions met: 78

Investors met: 115

Invertor meetings: 105

e-roadshows & e-conferences: 13

GEOGRAPHIC DISTRIBUTION OF THE CAPITAL OF THE COMPANY(1)



(1) *Based on institutional ownership.*

1

CORPORATE OVERVIEW

1.1 Activities

2020 has been a year of unprecedented disruption and challenge for all businesses across countries, verticals and segments. For all companies, every interaction has been critical to ensure business continuity. More than ever, a business transaction, a customer communication, a shipment delivery is an opportunity to create a meaningful connection, a moment to make a positive impact on someone's life, a chance to create a customer for life.

Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

In 2020, companies and individuals alike have triggered an uptick in groundswell trends: e-commerce and parcel volume growth, business process digitalization and improving customer experience. Over 180 billion pieces of mail have been delivered globally. Businesses still heavily rely on mail to interact with their customers and partners. These physical interactions are turning digital, notably as remote working is voted in by employers and employees alike. This is a core catalyst for business process digitalization. With stores closing temporarily around the world, customers have turned to e-commerce to purchase goods and products, which has triggered unprecedented parcel volume growth. Enabling the delivery of these parcels at scale, while delivering exceptional customer experience and limiting delivery trucks congestion as well as related emissions is no longer an option.

In these new and unprecedented conditions, Quadient continues to be the trusted partner to customers and communities, focusing on three key solution areas:

- Intelligent Communication Automation, the combination of Quadient's Customer Experience Management and Business Process Automation solutions;
- Mail-Related Solutions; and
- Parcel Locker Solutions.

1.1.1 INTELLIGENT COMMUNICATION AUTOMATION

At the center of every customer connection are communications and interactions that need to be personalized and delivered at scale. Today's organizations need smart solutions that make it simple to empower remote employees to connect where, when, and how their customers want. Automating critical customer communications and business processes also saves time and money, and doing it with an intelligent set of integrated technologies helps drive better customer experience and a high level of engagement from all internal and external constituents.

For businesses of all sizes who need to digitize and automate their business-critical communication activities, Quadient provides world-class integrated software solutions that help companies transform quickly, save money, and make meaningful connections with their customers. By combining its Customer Experience Management and Business Process Automation software solutions, Quadient offers a true end-to-end cloud-based global business communications platform under the name of Intelligent Communication Automation (ICA) solutions.

Over 8,300 global companies rely on Quadient's Intelligent Communication Automation software solutions to manage over a billion customer-facing communications and critical business interactions each and every day.

Quadient's ICA software solutions help organizations enable remote workforces to create and deliver meaningful customer interactions, automate business critical workflows to save time and money as well as differentiate from competitors by delivering a better overall customer experience.

Quadient's ICA solutions support businesses in Customer Communications Management (CCM) and Customer Experience Management (CXM), including journey analytics and orchestration, as well as Accounts Receivable (AR) and Accounts Payable (AP) automation.

MARKET

The Customer Communications Management (CCM) market size was estimated by research firm IDC at around 1.2 billion US dollars for 2019, with an overall growth of 7% compared to 2018. The broader Customer Experience Management (CXM) market, which includes customer journey analytics and orchestration, is estimated to represent around 3 billion US dollars in revenue, growing in excess of 10% on an annual basis. Based on research firm data and internal analyses, the Accounts Receivables (AR) automation software market represents around 1 billion US dollars in revenue, while the Accounts Payable (AP) automation software market size is estimated at around 1.5 billion US dollars, both growing at c. 15% on an annual basis driven by digitalization.

Quadient software solutions remain consistently recognized as leaders in CCM, CXM, AR and AP markets, notably by IDC but also by customers and research firms such as Gartner, Forrester and Aspire.

1.1.1.a Customer Experience Management

For enterprises who must compete by creating exceptional customer experiences, Quadient provides omnichannel software solutions and expertise that deliver compliant and meaningful customer interactions.

These solutions enable companies to design, coordinate and harmonize all of their customer communications across various departments (sales, marketing, accounting, etc.), while adapting to each department's specific needs. The Quadient Inspire software suite facilitates the creation and management of transactional and marketing communication documents, regardless of the medium and the channel used (physical mail, e-mail, fax, text messages, websites, social networks, etc.) and manages omnichannel delivery for these communications.

In 2020, Quadient continued its transition to cloud by enhancing its Inspire solution with new cloud and subscription-related offers to complement on-premise software offerings, providing customers with easier on-boarding options and better run-time control of their overall operational spend. The Company also built new strategic partnerships to grow customer adoption of these strategic solutions across regions and verticals.

CUSTOMERS

Customers leveraging Customer Experience Management solutions are primarily large accounts in the financial services, insurance and healthcare industries, as well as Print Service Providers. In 2020, Quadient has reaped the rewards of its vertical expansion strategy launched in 2019. New customers, notably in utilities, telecommunications and government, have contributed to the growth of the CXM solutions in spite of the health crisis.

1.1.1.b Business Process Automation

For businesses who want to streamline document production processes and departmental workflows, Quadient's Business Process Automation solutions help automate communications and accelerate cash flows. The digitalization of business processes is at the heart of many organizations' plan to ensure business continuity and cost optimization programs, particularly in the field of invoicing flows (Accounts Receivable/Accounts Payable), driven by regulations accelerating the adoption of new digital and compliant processes. It is also a key enabler of delivering a better experience for all their stakeholders: customers, vendors and employees alike.

Business Process Automation solutions are adapted to the requirements of small and medium-sized enterprises and are marketed and delivered as either an on-premise or a SaaS (Software as a Service) offering *via* the Cloud. Quadient also relies on a large network of partners to deliver specific solutions such as hybrid mail solutions.

In 2020, Quadient launched its Quadient Impress cloud platform before enhancing it with new capabilities, early 2021. The Company has continued to expand its offering organically and through acquisitions. In July 2020, Quadient acquired YayPay, a best-in-class FinTech at the forefront of SaaS Accounts Receivable (AR) automation solutions, and a "Leader" in IDC's 2020-2021 Global Marketscape Report. In March 2021, Quadient has continued to reinforce its software portfolio with the acquisition of Beanworks, a leading FinTech in SaaS Accounts Payable (AP) automation.

CUSTOMERS

Target customers for Quadient's Business Process Automation solutions are primarily within the higher range of small and medium-sized enterprises, which can also be users of Quadient's mail solutions. In 2020, it is estimated over 70% of Business Process Automation customers were also Quadient Mail-Related solutions customers.

1.1.2 PARCEL LOCKER SOLUTIONS

For businesses and individuals who need to manage a growing volume of parcel deliveries and returns, Quadient provides and operates a smart and secure pick-up, drop-off solutions that offer convenience and peace of mind.

Quadient parcel lockers offer simple parcel drop-off, storage, and retrieval in an automated and secure solution, eliminating the burden of missed deliveries and re-delivery attempts for carriers and the subsequent CO_2 emissions generated by delivery trucks journeys. It also enables consumers to pick up their parcels on their own terms and reduces the risk of lost packages.

In 2020, the health crisis has catalyzed online sales, and more particularly in the large e-commerce markets where Quadient operates. Smart parcel lockers emerged as the most efficient and secure solution to solve the last mile delivery challenge, and Quadient continued to benefit from the proven success of its operations in Japan, while growing significantly in key regions.

Following the acquisition in 2019 of Parcel Pending, a leader in the residential market in the United States, Quadient has experienced continued traction in this market in 2020, as well as strong growth in the Retail industry, notably with a key deal with home improvement retailer Lowe's. Additionally, Quadient has introduced its residential parcel locker solution in the United Kingdom in 2020 and, more recently, in 2021, in the French market.

MARKET

The parcel locker market is growing in popularity and visibility but still remains a nascent, multi-local market driven by e-commerce growth. Quadient estimates that in 2019, over 2 million boxes were installed across its key markets, *i.e.* the United States, Japan, France and the United Kingdom. Quadient's internal analyses estimate that this installed base has the potential to grow 3- to 10-fold by 2025.

In Japan, Quadient is the market leader in the carrier market and is benefiting from its first entrant position. In the United States, following the acquisition of Parcel Pending in 2019, Quadient has a leading position in the residential segment. At the end of 2020, Quadient's global installed base represented more than 13,000 lockers, a +28% increase over 2019, representing over 600,000 boxes.

CUSTOMERS

Parcel Locker Solutions' customers are primarily large companies, spanning from logistics operators (carriers), residential and corporate property managers to retailers and higher education bodies such as college and university campuses.

1.1.3 MAIL-RELATED SOLUTIONS

Mail-Related Solutions encompasses the legacy business of Quadient. Quadient supplies equipment, software and services to cover the entire process of managing incoming and outgoing mail. It provides expertise and training in organizing mailrooms and mailing processes, according to each customer's business and operations requirements.

Quadient offers a competitive range of folders/inserters for the office, mailroom and mail centre segments. These systems, supplemented with intelligent software to interface with databases, make it possible to publish, prepare for insertion, combine and route documents such as pay slips, invoices and marketing mail shots. Quadient also offers ongoing maintenance on these systems to ensure business continuity for customers. Since these systems are connected to the Internet, the maintenance can be performed remotely. Quadient is considered to be one of the world's leading manufacturer of folders/inserters for offices and mailrooms.

Furthermore, Quadient offers mailing solutions which combine franking machines, franking management software solutions, accessories like postal scales, ink cartridges and other supplies to operate them. Quadient offers maintenance of its equipment (which may be remote) and the update of postal tariffs.

Finally, Quadient markets customized financing solutions for all equipment and services which it sells as well as long-term rentals in countries where regulation makes it mandatory, *i.e.* France for the entire franking machine, and the United States and Canada for the meter. Quadient also has a financial service called postage financing.

MARKET

The mail solutions market continues to represent more than 2 billion US dollars of sales per year[1]. Quadient is the second largest global player, with total revenue of 687 million euros in 2020 in Mail-Related Solutions. Its two main competitors are Pitney Bowes and Francotyp Postalia.

CUSTOMERS

Quadient supports predominantly small and medium-sized enterprises across a variety of verticals. This customer base presents high cross-selling potential for Quadient's Intelligent Communication Automation solutions, with Mail-Related solutions customers representing over 75% of Business Process Automation solutions revenue in 2020. Additionally, thanks to its high-end equipment range, Quadient also has contracts with larger companies, especially Print Service Providers. These larger companies are also potential users of Quadient's Customer Experience Management solutions, with Mail-Related solutions contributing to c.10% of Customer Experience Management revenues in 2020.

POSTAL AUTHORITIES' ROLE

Postal authorities govern production, distribution and maintenance of franking machines.

(1) *Quadient estimates excluding production mail.*

1.1.4 OTHER SOLUTIONS

In addition to the solutions detailed above, Additional Operations represent a pool of activities including graphics solutions, shipping software, and automated packaging systems.

Graphics activities

Quadient distributes a wide range of equipment for print finishing, including guillotines, binding machines, laminating machines and paper-folding machines for any type of format. Following the divestment of the Company's graphics business in Australia and New Zealand in January 2021, these graphics solutions are primarily available in the Nordic region and Italy.

Shipping software solutions

Multi-carrier shipping platforms streamline fulfilment, generate labels, and create transport documents. Available as stand-alone solutions, interfacing with existing information systems or integrated with e-commerce platforms, these solutions can be adapted to the needs and volumes handled by retailers and online vendors.

Quadient also offers online and mobile solutions based on EDI (Electronic Data Interchange), RFID (Radio Frequency IDentification) or barcode data capture technologies to track and locate mail pieces and register proof of delivery.

Automated Packaging Systems (Packaging by Quadient)

Quadient's automated packaging solutions address the specific needs of e-commerce logistics. Available in two versions, CVP Impack and CVP Everest, respectively producing up to 500 and 1,100 fit-to-size boxes per hour, these systems help reduce shipping volume by up to 50% due to an optimized box size, generating savings on cardboard consumption and eliminating the need for void fill, as well as providing significant savings in labor and transportation costs.

Divested and exited activities

In 2020, Quadient continued the roll-out of its plan to divest businesses that are not synergistic with its Major Solutions.

In February 2020, Quadient sold its subsidiary ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc., a company listed in Toronto, Canada.

More recently, in January 2021, Quadient sold its graphics activities in Australia and New Zealand to Smartech Business Systems Australia Pty, a technology solutions provider and a long-term partner working with Quadient in the Asia-Pacific region.

As a reminder, after divesting its data quality business (Satori Software and Human Inference), Quadient decided in September 2019 to execute a phased shut-down of its subsidiary Temando (shipping software dedicated to e-commerce), which was part of its Additional Operations. In 2020, Quadient finalized this shut-down process. Temando's contribution to 2020 revenue and profitabitlity was not material.

In 2021, Quadient remains committed to execute on its announced strategy to "Grow, Improve or Exit" the activities within its Additional Operations segment, and as such the company will continue to carefully assess the fit of each of businesses with the rest of the organization.

1.2 Strategy

1.2.1 "BACK TO GROWTH" STRATEGY

On 23 January 2019, Geoffrey Godet, Quadient's Chief Executive Officer since 1 February 2018, unveiled the Company's strategy for the 2019-2022 period. Named "Back to Growth", this strategy aimed at expanding and growing the Company while accelerating its transformation to reach a more balanced business profile designed to deliver sustainable and profitable organic growth going forward.

Two years into the plan, Quadient has deeply transformed its operating model, simplified its organization and reshaped its product portfolio, having completed acquisitions in the business areas that had been targeted. In the meantime, Quadient has successfully developed its software and parcel locker activities, constrained the decline of its mail-related business, increased the proportion of subscription-related revenue and generated significant synergies within the organization as well as within its solutions.

In just two years of execution of the "Back to Growth" strategy, and on the heels of the COVID-19 pandemic that is still impacting the world, the thorough focused and disciplined execution of the first phase of the Company's strategic plan has laid strong foundations, putting Quadient in a position to deliver sustainable value for its shareholders and all stakeholders over the next three years and beyond.

On 30 March 2021, Geoffrey Godet presented the second phase of the "Back to Growth" strategy for the 2021-2023 period during a Capital Markets Day. With a clear focus on organic development, innovation and technology, Quadient will continue to leverage its leadership positions and its strong software and smart hardware installed base to generate additional growth of its highly contributive subscription-related revenue, and further deploy cross-selling opportunities and value creation synergies across its solutions.

Phase Two of "Back to Growth" strategy focuses on driving sustainable value, in part by:

- accelerating the convergence of Quadient's software strategy with a newly-created Intelligent Communication Automation segment;
- continuing to unlock more synergies between solutions and operations, powered by being a unified company;
- defining forward-looking objectives to measure the impact of Quadien'ts CSR activities, now as a signatory member of the UN Global Compact.

1.2.2 STREAMLINE OPERATIONS

The refocus of the Company on its Major Operations goes hand in hand with the implementation of an organization aimed at conducting these businesses in a more integrated manner than in the past.

Each one of the three major solutions are overseen by a dedicated Chief Solutions Officer. Operations, on the other hand, are primarily structured under three main geographical groups:

- North America, comprised of the United States and Canada;
- Main European countries, managed as three regions: France & Benelux; United Kingdom & Ireland; and Germany, Austria, Switzerland & Italy;
- International, that include the activities of Parcel Locker Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries.

The leaders of each of these three operations report directly to the Chief Executive Officer.

All other geographies and the other solutions summarized in section "Other solutions" are organized into the Additional Operations segment.

The support functions continue to play a key role, including the oversight of the Company's overall transformation, driving the digital transformation of its systems and back-office operations, forging a common marketing vision, centralizing talent and employee experience management as well as the development and management of its product portfolio, strengthening synergies for both R&D and supply chain and continuing to maintain a discipline of financial planning, cash management and internal controls.

As one organization, Quadient is able to leverage its core assets across all solutions to better serve its customers. This includes supply chain and logistics, R&D for all software and cloud-based solutions, sales and services within the regions and back-office services such as human resources, finance, marketing, transformation, and IT/digital.

1.2.3 CAPITAL ALLOCATION

Going forward, Quadient will continue to build on its strengths to roll out the second phase of its "Back to Growth" strategic plan.

Focusing its growth trajectory on organic opportunities, Quadient will bolster the investments to support its operations as long as they offer attractive risk-adjusted returns. Quadient plans to maintain its R&D and maintenance capital expenditures (CAPEX) within a controlled range of approximately 70 to 80 million euros (including IFRS 16) per year over 2021-2023. In the meantime, its rented equipment CAPEX should reach 40 million euros or more per year over 2021-2023, depending on opportunities to accelerate the deployment of the rented parcel lockers installed base.

While continuing to generate recurring cash-flows, Quadient aims at maintaining a healthy, yet efficient balance sheet by bringing down its net debt excluding leasing/EBITDA excluding leasing below 1.75x in 2023, post repayment of ODIRNANE bonds[1].

Quadient's strategic approach will continue to be based on an ongoing assessment of its invested capital in order to maximize long term value for its shareholders. This involves that Quadient continuously ensures that it is the best owner of its various businesses in terms of value creation, not excluding potential divestments or spin-offs, provided that capital could be re-deployed more effectively. Quadient may consider potential opportunistic bolt-on acquisitions over the 2021-2023 period applying disciplined criteria, including covering cost of capital by year 3 post closing.

1.2.4 SHAREHOLDER RETURN POLICY

The company has set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of 0.50 euro per share. The dividend will be paid in cash and in one instalment.

As part of its shareholder return policy, Quadient will also consider using yearly excess cash available for share buybacks.

1.2.5 MID-TERM INDICATIONS

New metrics by solution

Following the "Back to Growth" strategy, Quadient will continue focusing on markets driven by the acceleration of digitization, the explosion of e-commerce and declining but still large and resilient mail volumes. To drive its three core solutions even more efficiently, Quadient has set KPIs (Key Performance Indicators) for each solution which will help the company monitor its growth trajectory and its profitability.

Regarding Intelligent Communication Automation, to address the challenge of building an even more recurring SaaS/Cloud business model, Quadient will monitor:

- the number of SaaS/subscription customers over the total number of customers;
- the annualized revenue to be generated by its subscription-related revenue streams;
- the share of this subscription-related revenue over the total revenue of the solution.

Regarding Mail-Related Solutions, Quadient will monitor:

- the share of new generation smart devices among total number of devices in the total installed base to size the upside potential for upgrading its installed base, in line with Quadient's commitment to invest in its offering to gain market share and maximize value over time;
- the spread between the evolution of supplies revenue and the total revenue of the solution to measure the resilience of its model regardless of the usage of its installed base;
- the share of subscription-related revenue over the total revenue of the solution to ensure that Mail-Related Solutions continue to provide a high level of recurring cash-flows.

Finally, regarding Parcel Locker Solutions, Quadient will monitor:

- the size of its lockers' installed base;
- the usage rate of its lockers;
- the year-over-year growth in subscription-related revenue.

(1) *ODIRNANE bonds amount to €265 million, maturing in 2022. Since there is no contractual obligation to repay the nominal or to pay coupons to holders of the bonds, ODIRNANE bonds have been recognized as an equity instrument.*

Ambitions by solution

As part of the new trajectory defined for the Phase Two of "Back to Growth", Quadient has set specific targets for each solution aimed at reaching an ambitious profile by the end the 2021-2023 three-year period, ensuring that each solution effectively contributes to sustainable value creation at Company level:

- Intelligent Communication Automation:
  - over 20-25% subscription-related revenue CAGR over the three-year plan,
  - around 30% solution profit margin on a full-year basis by the end of the three-year plan;
- Mail-Related Solutions:
  - better than -5% organic CAGR revenue decline over the three-year plan,
  - high solution profit margin in the range of 43-45% on a full-year basis by the end of the three-year plan;
- Parcel Locker Solutions:
  - more than 25,000 lockers installed by the end of the three-year plan,
  - around 35-40% profit margin of the installed base on a full-year basis by the end of the three-year plan.

Financial guidance

Going forward, Quadient will continue to build on its strengths to roll out the second phase of its "Back to Growth" strategic plan. With a clear focus on innovation and technology, Quadient will continue to leverage its leadership positions and its strong software and hardware installed base to generate additional growth of its highly contributive subscription-related revenue and further deploy cross-selling opportunities and value-creation synergies across its solutions.

On this basis, Quadient aims at achieving a minimum 3% organic revenue CAGR over 2021-2023, with a minimum 2% organic revenue growth in 2021.

Quadient also aims at delivering a minimum mid-single-digit organic current EBIT CAGR over 2021-2023, with 4-6% organic current EBIT growth in 2021.

1.3 Organizational structure

1.3.1 HEAD OFFICE

Quadient's head office is in Bagneux, France, in the Paris region. All of the Company's strategic assets, such as research and development, intellectual property, production and distribution activities described below are held by wholly owned subsidiaries of Quadient S.A., the parent company of the Group.

1.3.2 RESEARCH AND DEVELOPMENT CENTRES

Quadient has several research and development centres. The main R&D centres are located in Bagneux (France), Drachten (the Netherlands), Loughton (United Kingdom), Hradec Králové (Czech Republic), Kiev (Ukraine), Cavaillon (France), Vancouver (Canada) and Milford (United States).

More than 640 engineers and technicians work in the R&D field at Quadient.

1.3.3 PRODUCTION CENTRES

Quadient has three production and assembly centres:

- Le Lude (France) for high-end mailing systems and customization of Mail Solutions and Parcel Locker Solutions for European market;
- Drachten (the Netherlands) for mid-range folders/inserters and the automated packaging systems (CVP); and
- Loughton (United Kingdom) for high-end folders/inserters.

A team based in Hong Kong manages Quadient's network of subcontractors in Asia. Quadient subcontractors assemble entry-level to mid-range mailing systems and entry-level folders/inserters for Mail-Related Solutions. This team also provides solutions for parcel lockers.

The Byhalia (United States) centre is responsible for the logistics and customization of mail-related and parcel locker products for North America.

All these centres employ approximately 600 people.

1.3.4 DISTRIBUTION

Quadient's international sales network is a key asset of its business. The Company has wholly-owned subsidiaries and branches in 27 countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland, Ukraine, the United Kingdom and the United States.

Quadient also has a network of local distributors in about 60 countries in addition to the countries covered by its subsidiaries. Generally speaking, these distributors are independent, essentially dedicated to Quadient products and have signed long-term distribution contracts with Quadient.

1.3.5 INVESTMENTS

Excluding acquisitions, Quadient invested 89.6 million euros in 2020 (of which 17.8 million euros related to the implementation of IFRS 16) compared with 109.3 million euros in 2019 (of which 13.5 million euros related to the implementation of IFRS 16) and 87.9 million euros in 2018.

Details of investments are shown in the table below:

(In millions of euros)	31 January 2021	31 January 2020	31 January 2019
Acquisition of software	0.6	1.8	2.6
Capitalization of development expenses	30.3	31.1	29.2
Acquisition of machinery and equipment	1.0	1.7	4.3
Rented equipment	29.2	49.7	37.0
IT implementation costs	0.0	0.0	0.0
Other investments	10.7	11.5	14.8
Assets right of use IFRS 16	17.8	13.5	-
TOTAL	**89.6**	**109.3**	**87.9**

The breakdown of investments by geographical area is the following:

(In millions of euros)	31 January 2021	31 January 2020
Main European countries[a]	20.5	20.9
North America	26.8	30.5
International	5.0	20.3
Additional operations	7.2	4.4
Other	30.2	33.1
TOTAL	**89.6**	**109.3**

(a) *The main European countries are: Germany, Austria, Belgium, the Netherlands, Luxembourg, France, Ireland, Italy, the United Kingdom and Switzerland.*

Regarding acquisitions, the Group invested, net of divestments, 8.9 million euros in 2020, compared with 11.9 million euros in 2019, mainly linked to the investment in YayPay and the divestment of ProShip.

These investments and acquisitions were financed either with Group cash or with existing credit lines.

Focusing its growth trajectory on organic opportunities, Quadient will bolster the investments to support its operations as long as they offer attractive risk-adjusted returns. Quadient plans to maintain its R&D and maintenance capital expenditures (CAPEX) within a controlled range of approximately 70 to 80 million euros (including IFRS 16) per year over 2021-2023. In the meantime, its rented equipment CAPEX should reach 40 million euros or more per year over 2021-2023, depending on opportunities to accelerate the deployment of the rented parcel lockers installed base.

These CAPEX would be mostly allocated to Major Operations.

2

CORPORATE GOVERNANCE REPORT

2.1 Board of Directors

2.1.1 GOVERNANCE STRUCTURE

Quadient S.A., Quadient's holding company, is a limited company with a Board of Directors.

The Board is led by an independent and non-executive Chairman and comprised of independent Directors except for Geoffrey Godet, Chief Executive Officer, and Vincent Mercier, as of 7 July 2021. The Board has three permanent Committees, whose a majority of its members are independent.

The conflict of interests policy was reviewed when the rules of procedure of the Board of Directors and the Committees were revised. Until the appointment of the new Chairman of the Board, the Lead Director was responsible for monitoring this policy. The Lead Director position ended in 31 January 2020, and the management of conflicts of interest has been fully assigned to the Chairman of the Board in conjunction with the Appointments and Remuneration Committee (the role and functions of the Committees are detailed in section 2.2). Apart from the limitations imposed by law and regulations, limitations to the powers of the Chief Executive Officer are provided by the Board of Directors' rules of procedure as described in section 2.1.2.

2.1.2 MISSIONS OF THE BOARD OF DIRECTORS

The Board of Directors, a corporate body and forum for strategic discussion and decision-making, optimizes value creation while upholding the short, medium and long-term interests of the shareholders and all stakeholders.

Over and above applicable legal requirements, Quadient places particular importance on the Board being able to perform the following roles:

- approve all decisions concerning the Company's major strategic, economic, social and financial orientations and ensure that these are implemented;
- to be informed of material changes in the markets, the competitive environment and the key challenges, including in the domain of corporate social responsibility;
- ensure there is an effective system in place within the Company that offers reasonable assurance that operations are conducted in accordance with current rules and regulations;
- set up and run specialized Committees with a view to enriching the decision-making process;
- approve, upon recommendation of the Strategy and Corporate Social Responsibility Committee:
  - strategic choices and plans, aiming to promote long-term value creation by the Company and taking into account the social and environmental challenges of its activities,
  - significant restructurings and investments that are not budgeted or that fall outside the scope of the strategy announced, and
  - generally, any acquisitions or disposal of any entity, company or activity, by any means whatsoever (including the acquisition or disposal of securities or assets, merger, spin-off or capital contribution), for an enterprise value or price exceeding 15 million euros;
- approve the annual budget, and review and approve the financial statements at regular intervals;
- review the Company's financial communications policy;
- appoint the corporate officers in charge of running the Company;
- set the remuneration policy for General Management on the recommendation of the Remuneration Committee;
- each year, prior to publication of the annual report, review on a case-by-case basis the position of each of the directors and then notify the shareholders of the results of its review with a view to identifying independent directors;
- approve the Corporate governance report on the conditions for preparing and organizing the Board of Directors' work, together with the Company's internal control procedures.

Details on how the Board of Directors operates and on the rights, obligations and recruitment practices of its members within the limits of their authorized mandates are defined in the Company's rules of procedure which was last updated in 2021 and can be found on the Company's website. The rules of procedure detail the Board's principal missions as well as the operations for which its approval is required.

Table summarizing the composition of the Board of Directors for the 2020 financial year:

	Age	Nationality	Key competence	Independence	Years on the Board	Start/renewal of directorship	End of directorship	End of term	Individual rate of attendance
Geoffrey Godet	44	F & US	Executive functions, Finance, e-business, Technology	no	3 years	June 2018		2021	100%
Didier Lamouche	61	F	Executive functions, Supply Chain, Multiple Chief Executive Officer assignments Corporate Governance Public and Privately-owned companies	yes	2 years	June 2019		2022	100%
Martha Bejar	58	US	ICT(Information, Communication, Technology), Former Chief Executive Officer, business and Digital Transformation, M&A, Cybersecurity/Risk, Customer Experience, Innovation	yes	2 years	June 2019		2022	100%
Hélène Boulet-Supau	54	F	Finance, e-Commerce Services, Entrepreneur, formely Chief Executive Officer	yes	4 years	June 2017, renewed June 2018		2021	100%
Éric Courteille	53	F	Finance, e-commerce, Entrepreneur, currently Chief Executive Officer	yes	9 years	July 2012 renewed July 2020		2023	100%
Virginie Fauvel	46	F	e-business, digital, technologies, International, Machine Learning	yes	5 years	July 2016, renewed June 2019		2022	92%
William Hoover Jr.	71	US	Corporate & business Strategy, Post Merger management, Supply Chain Design, Large scale change programs	yes	8 years	July 2013, renewed July 2020		2023	100%
Vincent Mercier[(a)]	71	F	Corporate Strategy, Finance, M&A, Private equity, logistics	no[(b)]	12 years	July 2009, renewed June 2018		2021	100%
Richard Troksa	58	US	Consulting, new technologies, entrepreneur, Formerly Chief Executive Officer, Operational management	yes	5 years	July 2016, renewed June 2018		2021	100%
Nathalie Wright	56	F	Management, New Technologies	yes	4 years	June 2017, renewed June 2019		2022	92%

(a) *Vincent Mercier was the Board's Lead Director, and the Lead Director's term of office ended on 31 January 2020 as stipulated upon the appointment of the new independent Chairman of the Board in June 2019.*

(b) *As of 7 July 2021, on the 12th anniversary of Vincent Mercier's appointment as Director.*

Employee representative directors

	Age	Nationality	Key competences	Independence	Years on the Board	Start/renewal of directorship	End of term	Individual rate of attendance
Christophe Liaudon	50	F	Treasury, Finance	no	18 months	27 August 2019	2021	100%
Nathalie Labia	45	F/BR	Communication Marketing	no	6 months	28 August 2020	2021	100%

Pursuant to law No. 2019-486 of May 22, 2019 concerning growth and transformation of companies (the "Pacte Law"), an additional employee representative director has been appointed in 2020. In accordance with applicable law, employee directors have the right to vote, the same rights, obligations, including confidentiality, and responsibilities as other Board members.

Changes within the Board of Directors

Changes that occurred in 2020 within the Board of Directors are:

	Appointments	Ratification/Renewal	Departure
Comité social et économique ("CSE") 28 August 2020	Nathalie Labia Employee representative	2021	

2.1.3 CHAIRMAN OF THE BOARD

Didier LAMOUCHE

Didier Lamouche is the Chairman of the Board of Quadient since 28 June 2019.

Didier Lamouche, 61 years old, a French citizen, graduated from Ecole Centrale de Lyon (France) and holds a PhD in Semiconductor Technology. Until the end of 2018, Didier Lamouche was President and Chief Executive Officer of Idemia, a company resulting from the merger of Safran Identity & Security with Oberthur Technologies, the world leader in cyber security and digital identity technologies, which he had headed since 2013. He previously served as Chief Operating Officer of ST-Microelectronics from 2010 to 2013 and President and Chief Executive Officer of ST-Ericsson from 2011 to 2013. Didier Lamouche was previously Chairman and Chief Executive Officer of the Bull group from 2005 to 2010, which he turned around and repositioned on growth segments.

Didier Lamouche began his career in 1984 as an R&D engineer at Philips Research Lab before joining IBM Microelectronics from 1985 to 1994, holding various industrial positions in the semiconductor environment, in France and in the United States, at Motorola Semiconductor in 1995-1996, then as founder and Chief Executive Officer of the IBM-Siemens joint venture, Altis Semiconductor, from 1998 to 2003, and finally as Global Vice President of IBM's semiconductor operations based in New York. Didier Lamouche has extensive experience in corporate governance, in both public and private environments, having served as a Director of seven public and three private-equity backed companies for nearly 20 years.

Didier Lamouche was appointed as Director of Quadient by the General Meeting of 28 June 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022. He was appointed as Chairman of the Board on the same date.

Other mandates in the Group: none.

Other mandates outside the Group: He is a non executive Director of the Board of Adecco (French listed company and world leader in the staffing industry); non-executive Director of ASMinternational (a Dutch listed company and leader of Semiconductor equipment industry); non executive Director of ACI Worldwide (American listed company and leader provider of software technologies for the payment industry); founder of DLT Consulting (French non listed company) and Associate Director of Granga Sprl (Italian non listed company).

Other mandates over the past five years (other than those already listed above): none.

Didier Lamouche holds 4,000 Quadient shares.

2.1.4 CHIEF EXECUTIVE OFFICER

Geoffrey GODET

Appointed Chief Executive Officer of Quadient as of 1 February 2018, Geoffrey Godet, 44, is a dual French and American citizen and a graduate of HEC. He has spent his entire career with the Flatirons Jouve group, a leader in digital solutions for banking, insurance, healthcare, manufacturing, aeronautics, publishing, media and education. The Flatirons Jouve group is present in the United States, France, the United Kingdom, Germany, the Nordic countries, the Netherlands, Serbia, Romania, Dubai, Madagascar and India. Since 2004, Geoffrey had been Chief Executive Officer of Flatirons solutions, based in California, and most recently was Chairman and Chief Executive Officer of Jouve, based in Paris. Prior to that, he was successively marketing and Communication Director, Head of the cultural heritage digitization division and Managing Director of Jouve Aviation solutions. Geoffrey Godet was appointed Director at the General Meeting of 29 June 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2021.

Other mandates in the Group: Director of Quadient Holding Inc., Quadient CXM AG.

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): Chairman & Chief Executive Officer of Jouve, Chief Executive Officer of Flatirons Solutions, Inc and various subsidiaries.

Geoffrey Godet holds 32,866 Quadient shares.

2.1.5 MEMBERS OF THE BOARD

The members of the Board of Directors are proposed by the Board, upon recommendation of the Appointments and Remuneration committee, and appointed by the Ordinary General Meeting. The General Meeting may revoke their appointments at any time.

Regular renewal of Members (the Board has been getting younger, with the average age decreasing from 60.9 in 2016 to 55.4 in 2020) and compliance with law n° 2011-103 of 27 January 2011 on equal representation of men and women and openness of the Board to diversity are the Board's governance guidelines. Furthermore, 42% of the directors (including the employee representative directors) are of foreign nationality. The Appointments and Remuneration Committee is in charge of establishing the terms of succession plans.

In accordance with the decision of the Board of Directors on 12 January 2018, the functions of Chairman and Chief Executive Officer of Quadient have been splited since 1 February 2018.

The number of directors over 70 shall not exceed one-third of directors in office. The age limit for the Chairman is 65. The term of each director's mandate is limited to three years.

Vincent MERCIER

Vincent Mercier is 71 years old and a French citizen. He is a civil engineering graduate from the École des Mines and has a Masters in economic science, as well as an MBA from Cornell University (United States) For 10 years, he was one of the heads of the Industrial Development Institute while teaching strategy at HEC. He has extensive experience in the Service and Retail industries, having been a member of Wagons-Lits and then Carrefour group's executive committees. Until 2014, he was Chair of the supervisory Board of Roland Berger Strategy Consultants, where he served as Director for France and China until 2010.

Vincent Mercier was appointed Director of Quadient at the General Meeting of 7 July 2009. His mandate was renewed at the General Meeting of 29 June 2018 for a three-year term, which means until the 2021 General Meeting called to vote on the financial statements for the financial year ending 31 January 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: Member of the Supervisory Board of Sucden (French non listed company), FM Logistic (French non listed company), Altavia Europe (French non listed company) and ADIE (French non listed company).

Other mandates over the past five years (other than those already listed above): none.

Vincent Mercier holds 9,000 Quadient shares.

Martha BEJAR

Martha Bejar is 58 years old, an American citizen and an expert in software with an in-depth knowledge of the American market. She has held the position of Chief Executive Officer in several IT infrastructure management and network services companies.

Martha is the recipient of numerous industry awards including 2020 and 2018 Top Corporate Director by *Latino Leader Magazine*, 2019 NACD directorship 100, "Inspiring Women 2017" from Washington State, and was ranked in the 50 most influential Hispanic women in the United States by *Hispanic Inc. Business Magazine*.

The Board of Directors coopted Martha Bejar on 11 January 2019, to replace Catherine Pourre who resigned on 24 September 2018.

She was appointed at the General Meeting of 28 June 2019, for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: Director and Chief Executive Officer of Red Bison Advisory group (American non listed company).

Other mandates over the past five years (other than those already listed above): Chief Executive Officer Unium Inc (US non listed company), Chief Executive Officer of Flow Mobile (American non listed comapny), Chief Executive Officer of Infocrossing (American listed company) (a Wipro Technology Data center company).

Martha Bejar holds 695 Quadient shares.

Hélène BOULET-SUPAU

Hélène Boulet-Supau is 54 years old and a French citizen. Having graduated from ESSEC, she started her career at Arthur Andersen, before joining the Pierre & Vacances group, where she held various finance positions from 1991 to 2000, before being appointed Group Financial Director. Hélène Boulet-Supau then worked as a financial consultant, before taking over the reins of Larroque alongside the Company's founder. From 2007 to 2019, Hélène Boulet-Supau was Chief Executive Officer and shareholder of Sarenza. In 2020, she launched a business providing services to companies, FabWorkplace. Lastly, Hélène Boulet-Supau was awarded the Veuve Cliquot prize in 2013 for businesswomen with outstanding entrepreneurial spirit and creativity.

Ratification of the Board's appointment of Hélène Boulet-Supau's was approved by the General Meeting of shareholders on 30 June 2017. Hélène Boulet-Supau's mandate was renewed at the General Meeting of 29 June 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: Member of the supervisory Board of Colisée Care (French non listed company), Director of Socotec (French non listed company), Director of the non-profit organization Entrepreneurs du Monde (French association), manager of HBS Blueprint SARL and chairwoman of Educawa SAS (French non listed company).

Other mandates over the past five years (other than those already listed above): Chief Executive Officer and Director of Sarenza S.A. (French non listed company).

Hélène Boulet-Supau holds 850 Quadient shares.

Éric COURTEILLE

Éric Courteille is 53 years old, and a French citizen. He is Chairman of New R SAS and has been Chief Executive Officer of La Redoute SAS since 2 June 2014. Éric Courteille is a graduate of ESCP-EAP and started his career at Arthur Andersen France, as an auditor, from 1995 to 2000. He then jointly founded the Sporever group. From 2002 to 2006, he held several positions in the finance department of the PPR group, At the end of 2006, he joined Redcats USA (part of Kering Group) as Chief Financial Officer (CFO) and General Secretary.

On 4 July 2012, the Quadient General Meeting ratified the appointment of Éric Courteille as Director. His mandate was renewed at the General Meeting of 30 June 2017 and July 6, 2020 for a further three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2023.

Other mandates in the Group: none.

Other mandates outside of the Group: Chief Executive Officer of BCR SAS (French non listed company); Chairman of NEW R SAS (French non listed company).

Other mandates over the past five years (other than those already listed above): Independent Board member of Lafayette International since July 2020.

Éric Courteille holds 267 Quadient shares.

Virginie FAUVEL

Virginie Fauvel is 46 years old and a French citizen. She is a graduate engineer of the École des Mines Nancy. Virginie Fauvel started her career at Cetelem as Director of statistical studies, risks and CRM. She was appointed Director of Digital Technology in 2004, heading the e-business entity and responsible for drawing up Cetelem's global online strategy. Virginie Fauvel then directed the BNP Paribas entity dedicated to online banking in Europe and in France, before founding Hello Bank!, the leading online bank in Italy, France, Belgium and Germany. She joined Allianz France in 2013 as a member of the executive committee, in charge of teams dedicated to the digital transformation of the Company, big data, artificial intelligence, communication and marketing. Since 15 January 2018, Virginie Fauvel has been heading group transformation at Euler Hermes and is Director of the Americas region. She has also been a Board member of the Euler Hermes group since 1 April 2018 until September 2020. She is now Chief Executive Officer of the Harvest Group.

Virginie Fauvel was appointed Director of Quadient at the General Meeting dated 1 July 2016 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2019.

Virginie Fauvel's mandate was renewed at the General Meeting of 28 June 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the Board of Directors of the Europcar Mobility group (French listed company) and the Pernod Ricard group (French listed company). She also seats at Creadev's Board of Directors (French non listed company).

Other mandates over the past five years (other than those already listed above): none.

Virginie Fauvel holds 730 Quadient shares.

William HOOVER Jr.

William Hoover Jr. is 71 years old and an American citizen. He was a Senior Partner at McKinsey for 30 years. A graduate of politics, philosophy and economics from Oxford University, William Hoover Jr also has an MBA from Harvard business School. He established himself in Denmark in 1980 where he devoted his work to advising Scandinavian businesses, primarily in the fields of high technology, telecommunications and industry. Notably, he has advised businesses on setting up in and expanding to China.

His mandate was approved at the General Meeting held on 2 July 2013. This mandate was renewed at the General Meetings of 30 June 2017 and July 6, 2020 for a further three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2023.

Other mandates in the Group: none.

Other mandates outside of the Group: Chairman of the Board of ReD Associates (American non listed company).

Other mandates over the past five years (other than those already listed above): Board member of Danfoss AS (Danish non listed company).

William Hoover Jr. holds 200 Quadient shares.

Richard TROKSA

Richard Troksa is 58 years old and an American citizen. He is the owner of Gold Aspen Executive Consulting, LLC, a company dedicated to providing advice in strategy, development and operational efficiency for new technologies and solutions. Graduating with a master's degree in engineering sciences from Colorado State University, Richard Troksa started his career at IBM in 1984 and held numerous technical and business positions before being appointed business Line Manager in 2000. He joined Exstream Software in 2004, and was appointed Chief Executive Officer in 2007. In 2008, he became Vice President of IPG Enterprise Software at Hewlett-Packard, a position he held until 2010. Richard Troksa has a solid financial and managerial experience focusing on the development and introduction of innovative technical solutions.

Richard Troksa was appointed Director of Quadient at the General Meeting of 1 July 2016 for a three-year term, and was renewed in advance at the General Meeting of 29 June 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the Board of Directors of Gorilla Logic, LLC (American non listed company), member of the Board of Directors of Gryphon Networks (American non listed company).

Other mandates over the past five years (other than those already listed above): board member of 7Summits, LLC. (American non listed company).

Richard Troksa holds 1,500 Quadient shares.

Nathalie WRIGHT

Nathalie Wright is 56 years old and a French citizen. A graduate in economics from Paris Assas University, the IAE and INSEAD, she started her career at Digital Equipment France before joining NewBridge Networks France. She held the positions of Sales Manager and Country Leader at MCI, then Easynet and finally, Vice President Southern Europe in charge of Commercial Strategy for France, Italy, Spain and the Middle East for AT&T. Nathalie Wright joined Microsoft in 2009, where she held the positions of Director of the Public Sector division, then General Manager for Enterprise & Strategic Alliances for 5 years. In 2017, Nathalie Wright was appointed Vice President Software France at IBM. She is currently Chief Digital Officer and member of the Rexel Group executive committee, as well as being responsible for the activity in the Nordic region. Nathalie Wright was made a Chevalier de la Légion d'honneur in 2011 for her actions promoting diversity in the workplace. Nathalie Wright was co-opted to replace Jean-Paul Villot, who resigned from his directorship on 28 July 2017.

Nathalie Wright's mandate was renewed at the General Meeting of 28 June 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the supervisory Board of groupe Keolis S.A.S (French non listed company).

Other mandates over the past five years (other than those already listed above): none.

Nathalie Wright holds 1,015 Quadient shares.

2.1.6 EMPLOYEE REPRESENTATIVE DIRECTORS

Christophe LIAUDON

Christophe Liaudon is 50 years old and a French citizen.

After spending about ten years in both private and public sectors, he joined Quadient in 2002 to create and organize the treasury department. Since then, Christophe has accompanied Quadient in its growth in building up the cash management organization and the optimization of the debt structure. Quadient has been a pioneer in the French private placement (PP) market after several USPP deals and was one of the first to issue a *Schuldschein* in USD.

Christophe Liaudon was appointed employee representative director of Quadient at the CSE meeting of 27 August 2019 for a two-year term. His mandate is due to be renewed at the CSE to be held in 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Christophe Liaudon holds 1,015 Quadient shares.

Nathalie LABIA

Nathalie Labia is 45 years old and is a dual French and Brazilian citizen. She is currently Head of Brand and External Communications at Quadient. She began her career at IBM France, successively holding the positions of sales, channel marketing, product marketing and marketing management. In 2005 she joined Ricoh's European head offices in London, UK, where she was in charge of the launch of high-end printing solutions across Ricoh subsidiaries. Her career at Quadient began in 2009, responsible for product management and press relations in the former Shipping team, before moving to Group's corporate communications. Since joining the Company, Nathalie has been one of the key contributors to strategic projects such as the Parcel Locker Solutions launch in 2013 and the Quadient global brand launch in 2019. Nathalie Labia holds a Master's degree in management from Audencia business School.

Nathalie Labia was appointed employee representative director of Quadient during the CSE meeting of 28 August 2020 for a one-year term. Her mandate is due to be renewed for a two year term at the CSE to be held in 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Nathalie Labia holds 220 Quadient shares.

2.1.7 INDEPENDENT DIRECTORS

In accordance with the recommendations of the Afep-Medef code, the rules of procedure of the Board and its Committees provide that the Board of Directors and the Committees be composed of a majority of directors deemed to be independent. The Afep-Medef code provides the following definition of an independent director: "A director is independent when he or she has no relationship of any kind whatsoever with the Company, its group or the management of either that could compromise his or her freedom of judgment." Pursuant to the recommendations of this code, the Appointments and Remuneration committee issues its recommendation on the independence of the members of the Board of Directors annually in light of these independence criteria". The last report was presented to the Board of Directors on 6 May 2021. It confirmed that eight out of the ten directors on the Board as of 31 January 2020 (80%[1]) were independent. Accordingly, all directors on the Board of Quadient with the exception of the Chief Executive Officer, and Vincent Mercier, who will lose his independent status as of July 7, 2021, on the 12th anniversary of his appointment, are independent.

Criteria	Didier Lamouche	Martha Bejar	Hélène Boulet-Supau	Éric Courteille	William Hoover Jr	Virginie Fauvel	Vincent Mercier	Richard Troksa	Nathalie Wright
He/she shall not be an employee or executive corporate officer of the Company, an employee, corporate officer or director of its parent company or of a company that it consolidates, and not have served in any of these capacities during the previous five years	√	√	√	√	√	√	√	√	√
He/she shall not be an executive corporate officer of another company in which the Company holds, directly or indirectly, a position on the Board of Directors, or in which an employee designated as such or an executive corporate officer of the Company (either present or within the last five years) holds a position on the Board of Directors	√	√	√	√	√	√	√	√	√
He/she shall not be a major client, supplier, corporate banker or financial banker of the Company or the Group, or be an entity for which the Company or Group represents a significant percentage of business	√	√	√	√	√	√	√	√	√
He/she shall not have close family ties with a corporate officer	√	√	√	√	√	√	√	√	√
He/she shall not have been a statutory auditor of the Company in the previous five years	√	√	√	√	√	√	√	√	√
He/she shall not have been a director of the Company for more than 12 years. The loss of status as independent director occurs after a period of 12 years.	√	√	√	√	√	√	x	√	√
He/she shall not receive variable remuneration in cash or securities or any remuneration related to the Group's performance	√	√	√	√	√	√	√	√	√
He/she shall not participate in the control of the Company, or hold more than 10% in the capital or voting rights of the Company	√	√	√	√	√	√	√	√	√

None of the directors considered to be independent have any direct or indirect business links with the Company, with the exception of Éric Courteille who was appointed Chief Executive Officer of La Redoute in June 2014. The latter has business links with Packcity France and Temando France, Quadient subsidiaries. Transactions invoiced to La Redoute and to its subsidiaries totaled 221,000 euros in 2019 and 226,722 euros for 2020. Since June 2014, this business relationship has continued for similar amounts and in no way constitutes economic dependence or even a significant proportion in the sector. Hence, this business link was considered non-material and does not compromise Éric Courteille's independence.

There are no family ties between the directors. None of the directors on the Board as of 31 January 2021 have been found guilty of fraud, managing a company placed in receivership or declared bankrupt, incurred any official public penalty and/or sanction, or been prevented from acting or operating in the management or conduct of a company, over the past five years. No directors have been involved in liquidation proceedings when they were a member of a Board of Directors, a management body or supervisory Board over the past five years.

(1) *This rate does not take into account the employee representing directors.*

There are no potential conflicts of interest for the corporate officers and directors between their duties to Quadient and other interests or duties to which they may be bound.

No arrangements or agreements have been made with the principal shareholders, customers, suppliers or other parties, by virtue of which any of the corporate officers has been selected as a member of an administrative, management or supervisory body or as a member of the General Management.

GENDER EQUALITY AND DIVERSITY ON THE BOARD

Indicator	2020	2019
Non-French national directors	5[a]	4[a]
% non-French nationality	42%[a]	37%[a]
Number of women	4	4
% women	40%[b]	40%[b]

(a) Geoffrey Godet has a dual French and American nationality. Nathalie Labia, the employee representative director who has dual French and Brazilian nationalities, is taken into account for the purpose of this ratio in 2020.

(b) In accordance with French legislation and the Afep-Medef code, employee representative directors are not taken into account when determining the proportion of women on the Board of Directors.

The Board of Directors ensures a balance in its composition and that of its Committees, in particular through the diversity and complementarity of experience, skills and professional expertise. The criteria prevailing in the process of selecting talents sought to renew or supplement those already present within the Board are as follows:

- independence, skills, international experience, motivation, availability;
- alignment with the strategy of the Company and its subsidiaries;
- adequacy with the current composition and appropriate evolution of the Board of Directors;
- maintaining of the appropriate number of independent directors;
- balanced gender representation, nationalities, expertise.

As explained in sections 2.1.2 to 2.1.6 above-mentioned, the vast majority of the Board members have extensive international experience. 42% of them have a non-French nationality.

Four of the ten Board members are women (excluding employee representative, who are not taken into account when determining gender parity), bringing their current representation on the Board to 40% as of 31 January 2021.

Each director contributes to the Board's diversity through their respective career path, age and nationality.

Training and induction of new directors

Upon taking office and in order to ease a smooth transition as a Board member, all new directors receive the documentation required to perform their duties. This documentation includes the Company's articles of association, the rules of procedure of the Board and its committees, the stock market code of ethics (to be signed) together with the annual calendar of authorized periods to trade on Quadient's securities, the annual schedule of Board and Committee meetings, the date of the General Meeting and the most recent universal registration document.

In addition, each new director meets with members of Quadient's senior management to gain a deeper knowledge of the Company, its businesses and markets.

Each year, the directors attend at least one specific Board meeting on strategy.

During this specific "strategy session", the management presents a number of topics for discussion concerning the Company's execution of its back to growth strategy and future planning, the evolution of its markets, solutions, customers and internal organization, and the organic and inorganic investment opportunities to accelerate the Company's transformation.

Additionally, each new director is registered with the French Institute of Directors (IFA). The employee representative directors receive dedicated training from the IFA.

All directors receive press releases issued by the Company.

2.1.8 WORK OF THE BOARD OF DIRECTORS

During the financial year ended 31 January 2021, the 12 members of the Board of Directors met twelve times with a global attendance rate of 98.66%. On average, the meetings lasted 3 hours and 12 minutes.

Directors' participation at Board meetings in the financial year 2020:

	Attendance rate	Number of meetings
Geoffrey Godet	100%	12/12
Didier Lamouche	100%	12/12
Martha Bejar	100%	12/12
Hélène Boulet-Supau	100%	12/12
Éric Courteille	100%	12/12
Virginie Fauvel	92%	11/12
William Hoover Jr	100%	12/12
Vincent Mercier	100%	12/12
Richard Troksa	100%	12/12
Nathalie Wright	92%	11/12
Christophe Liaudon	100%	12/12
Nathalie Labia[a]	100%	5/5

(a) Appointed in August 2020.

The main themes discussed at Board meetings in 2020 were as follows:

Strategy	- Monitoring the Company's strategy and organization, notably in the health crisis context - Results of the Strategy and Corporate Social Responsibility Committee's work - Financial communications and investor relations - Review of the acquisitions, divestments and other strategic projects underway
Corporate Governance	- Annual Board assessment - Review of the Board members' independence under the definition provided in the rules of procedure - Proper timing and administration for the 2020 Annual General Meeting due to COVID-19 restrictions
Business and customers	- Regular review of the Company's markets solutions and customer needs - Assess technical risks and opportunities related to the Company's research and development, innovation and Supply chain activities - Monitor the Company's organization and human resources priorities - Monitor the Company's activities related to environmental, social and governance risks and opportunities
Internal controls	- Results of the work conducted by the Audit Committee concerning audits and evaluation of the internal control system in the Group - Approval of the report on the work of the Board and internal control and risk management procedures
Finance	- Highlights, presentation and analysis of 2019 financial year results - Budget and outlook for 2020 financial year - Forecasts and quarterly results - Approval of the annual and interim consolidated financial statements for Quadient - Approval of the annual and interim individual financial statements for Quadient S.A. - Cash and debt positions, dividends, launch and monitoring of share buyback programs - Refinancing operations
Remuneration	- Results of the Appointments and Remuneration Committee's work - Remuneration policy of the Chairman and the Chief Executive Officer - Performance of free share allocation programs - New allocation of directors' remuneration for 2020 - Plan for allocating free performance shares - Implementation of the share buyback program and delegations granted to the Chief Executive Officer
Appointments	- Appointment of Nathalie Labia as employee representative director

Once finalized, all documents relating to a Board meeting's agenda are transmitted to the directors by the Management at the earliest opportunity, *i.e.* several days before the meeting. The elements can be accessed by all Board members *via* the Internet platform that enables them to review documents prior to meetings, as well as information such as the articles of association and the Board's rules of procedure. This platform also provides access to the documents of the various Committees, exclusively for directors who sit on each Committee.

At the initiative of the Chairman, "executive sessions" have been held involving independent directors, without the presence of the Chief Executive Officer. An executive session was held before Board meeting during the 2020 financial year.

According to the Company's rules of procedure, the Chairman's obligation to disclose information goes hand-in-hand with each director's duty to be diligent in remaining informed, to request any information they may require to aid understanding of the items on the agenda from the Chairman in good time, to make themselves available, and allow the necessary time and attention to perform their duties.

Corporate governance code

Quadient has long pursued an active corporate governance policy. The Company refers to the Afep-Medef code in drafting this report.

Implementing the "comply or explain" principle of the Afep-Medef code

Under the "comply or explain" rule set out in article L.22-10-10, 4° of the French commercial code and article 27.1 of the Afep-Medef code, Quadient considers that its practices comply with the code's recommendations, except for the following recommandation:

Afep-Medef recommendation not applied	Quadient's position and explanation
According to art. 18.1, the remuneration committee "must not include any executive officer and must mostly consist of independent directors. It is recommended that the Chairman of the Committee should be independent and that one of its members should be an employee representative Director".	The Board of Directors has decided not to appoint an employee representative director at the remuneration committee since such committee has been merged in 2018 with the appointments committee. In practice, the employee representative directors effectively participate in all meetings of the Board during which the remuneration policy of corporate officers is reviewed and discussed, but since the Appointments and Remuneration Committee deals with broader subject than the remuneration policy, it has been decided that employee representative directors will not participate in this Committee. This explanation has been communicated to the *"Haut Comité de Gouvernement d'Entreprise"*.

2.1.9 RULES OF PROCEDURE OF THE BOARD AND COMMITTEES

The rules of procedure of the Board and committees were drafted on 30 March 2004 and last updated in February 2021.

The rules of procedure were amended during the Board meeting of 27 June 2019 to take into account the appointment of an independent Chairman of the Board and the expiry of the Lead Director's term of office. As explained in section 2.1.2 above, the Board of Directors' meeting of 13 December 2019 also introduced a limitation on the powers of the Chief Executive Officer in the Rules of Procedure.

The aim of the Rules of Procedure is to set out the role and operating procedures of the Board of Directors, together with the rights, obligations and recruitment practices of its members, within the scope of their actual skills, in order to ensure the Company's long-term future, its smooth running and the sustained creation of value for shareholders, employees and the Company's other stakeholders. The Rules of Procedure can only be approved and amended by decision of the Board of Directors.

The following are scheduled to the rules of procedure:

- the rules of the Appointments and Remuneration Committee;
- the rules of the Strategy and Corporate Social Responsibility Committee;
- the rules of the Audit Committee;
- the definition of independent director, as provided by the Appointments and Remuneration Committee;
- The directors' Charter, which is provided also in the rules of procedures of the Board of Directors;
- The stock market code of ethics updated in February 2021;
- The Market Abuse Regulation Committee was created in January 2021 in order to oversee the treatment of inside information within the Company and assist the Board of Directors and the management team in implementing the stock market code of ethics.

In addition to the duties attributed to the Board by the law and the articles of association, the Board approves strategic decisions, budgets, material acquisitions and divestments, and restructuring plans impacting the Company as a whole. It also ensures the quality and reliability of financial and non-financial information and of communications to shareholders.

In particular, the Board of Directors' duties include:

- approving this Corporate Governance Report, the organization and preparation of the Board's work and on internal control procedures;
- defining the role of independent director;
- defining the remuneration policy for the Group's executives;
- making necessary changes to the rules of procedure governing the various Committees.

The specialized Committees make proposals to the Board relating to their field of expertise.

The Rules of Procedure set out the rights and obligations of directors, particularly as regards to attendance, confidentiality of information, directors' information rights and restrictions in trading on Quadient securities.

Rules on managing conflicts of interest are set out in the rules of procedure of the Board and Committees: "Article 5 – Independence and conflict of interests: Directors endeavor to avoid any conflict of interest that could arise between their moral and material interests and those of the Company. They inform the Board of Directors of any conflict of interest in which they could be involved. Where they cannot avoid a conflict of interest, Directors refrain from taking part in debates and any decision on the matters concerned."

In addition, all directors must file an annual declaration with Quadient confirming the absence of any conflict of interests and that they have not been found guilty of fraud, managing a company placed in receivership or been declared bankrupt.

The Rules of Procedure specify that a minimum of four Board meetings are to be held per financial year and that each director must hold Quadient securities worth at least one year of remuneration paid to directors.

They also set out the rules for transcribing the minutes of meetings.

The full text of the rules of procedure is available on the Group website:
https://invest.quadient.com/en-US/regulated-information.

Assessment of the Board

The matter of its composition is regularly discussed by the Board. In compliance with the rules of procedure, the Board is assessed at least once a year at the initiative of the Chairman of the Appointments and Remuneration committee. This self-assessment notably includes the following subjects: composition of the Board, skills of its members, remuneration policy, new mandates and the staggering of the renewal of mandates.

An external firm, under the supervision of the Appointments and Remuneration committee, conducted a formal assessment of the Board in the 2019/2020 financial year to check compliance with the principles of the Board's functioning and to identify proposals that might improve its functioning and efficiency. This assessment led to individual interviews by the external firm with each director, based on a detailed questionnaire. This process is repeated every three years.

The conclusions of this assessment were reviewed by the Board at its meeting held on 25 May 2020 and were generally satisfactory. They underlined the balanced composition of the Board members in term of expertise and geographic coverage.

Directors' charter

Continuing the initiatives undertaken in recent years on good corporate governance practices, the directors' charter was approved on 28 March 2011.

It allows all directors to use their full skills and ensures that each of them makes an effective contribution, while adhering to the rules of independence, ethics and integrity that are expected from them. The eight articles of the directors' charter set out a number of principles:

- Article 1 – Administration and corporate interest;
- Article 2 – Compliance with laws and the articles of association;
- Article 3 – Exercise of office: guiding principles;
- Article 4 – Independence and duty of expression;
- Article 5 – Independence and conflict of interests;
- Article 6 – Integrity, loyalty and duty of discretion;
- Article 7 – Professionalism and involvement;
- Article 8 – Professionalism and efficiency.

Quadient has also drawn up an ethics code designed to help employees and stakeholders by providing a framework for business decisions and activity. It includes its own references in terms of requirements and practice, as well as providing useful tools and resources for all Group employees.

In addition, various internal whistleblowing systems have been implemented in the different countries to detect, penalize and prevent repetition of conduct or situations that are contrary to the ethics approach of Quadient. In 2019, the Group created Ethic's Committee, which works in particular to monitor the whistleblowing system more widely through the use of appropriate tools.

Stock market code of ethics

In terms of stock market ethics, the Rules of Procedure define the rights and commitments of directors with a particular emphasis on respecting the confidentiality of information received and restrictions on trading Quadient shares.

The stock market code of ethics has been updated and approved by the Board on 3 February 2021.

The main change in the code is the creation of Quadient's Market Abuse Regulation Committee which oversees the treatment of inside information within the Company and assists the Board of Directors and management team in implementing the code.

The purpose of the code is to draw the attention of employee and occasional insiders to applicable laws and regulations in this respect, as well to the administrative and/or criminal sanctions associated with non-compliance with these laws and regulations, and implementing preventive measures to enable each and every one to invest in Quadient securities in full compliance with rules regarding market integrity.

The stock market code of ethics set out the rules for corporate officers, informed employees and occasional insiders, and include:

- a summary of the existing laws and regulations in the field of stock market ethics together with the corresponding administrative and/or criminal penalties;
- a definition of the key concepts (inside information, informed employees, etc.);
- clarifications and examples related to the notion of inside Information;
- a summary of the confidentiality obligations imposed upon corporate officers, informed employees and occasional insiders;
- clarifications regarding the no-trading rules and an appendix containing a schedule of (i) the periods during which trading is authorized – the red and green periods' table – and (ii) the embargo periods related to Quadient's financial communication;
- clarifications, for the purposes of transparency and caution, of the Company's disclosure obligations vis-à-vis the AMF, with an appendix containing a model declaration;
- a summary of specific provisions relating to stock options and free shares.

Every corporate officer and informed employee must sign an undertaking certifying that he/she has read and understood the stock market code of ethics and promises to comply with the terms of the code.

2.2 Committees

The attendance rate of directors at Committees is detailed below:

	Audit Committee Chair: É. Courteille	Strategy & corporate social responsibility Committee Chair: R.Troksa	Appointments and Remuneration Committee Chair: V.Mercier
Martha Bejar		100%	
Hélène Boulet-Supau	100%		100%
Éric Courteille	100%		
Virginie Fauvel			100%
William Hoover Jr.	100%		
Vincent Mercier		100%	100%
Richard Troksa		100%	
Nathalie Wright		100%	

2.2.1 APPOINTMENTS AND REMUNERATION COMMITTEE

Indicators	2020	2019
Number of meetings	5	4
Average attendance rate	100%	100%
Number of members	3	3
% of independent directors	100%	100%

As of 2020, this Committee is composed of three independent directors and met five times with a 100% attendance percentage. The average length of meetings was 90 minutes.

Since 24 September 2018, this Committee is composed of Vincent Mercier (Chairman), Virginie Fauvel and Hélène Boulet-Supau.

The Appointments and Remuneration Committee is in charge of:

- proposing the definition of independent director and, where necessary, issuing an opinion on the independence of a director and suggest to the Board any changes in its composition;
- preselecting candidates for the Board according to various criteria relevant to the Company's need;
- ensuring the adequacy of the current composition, to the desirable evolution of the Board and to the Group's strategy;
- maintaining the required number of independent directors on the Board;
- setting a succession plan for the Chairman and the Chief Executive Officer;
- considering all matters relating to the rights and obligations of members of the Board of Directors;
- proposing to the Board of Directors the remuneration policy for the Chairman and the Chief Executive Officer, including retirement, end-of-career or termination payments, various benefits and award of stock options and for free shares;
- recommanding the remuneration policy for directors and the way in which it is to be allocated, based on the contribution of each of the members to the Board and to the specialized committees including *ad-hoc* Committees from time to time;
- examining the Group's compensation policy;
- reviewing the figures on remuneration, which will be published in this report and in the annex to the individual financial statements.

The Committee is also informed by General Management of the level of remuneration of the main senior managers.

The Appointments and Remuneration Committee primarily interacts with General Management and the human resources department. It may commission any specific study that it deems necessary, and may involve external experts. In any case it may refer to salary surveys and relevant benchmarking conducted by the human resources department.

When resolving on remuneration, Committees are preceded by preparatory meetings between the Chairman of the committee, the human resources Director and, where applicable, the Chief Executive Officer.

The main topics discussed at the Remuneration and Appointments Committee meetings in 2020 were:

Composition and operation of the Board of Directors and the various Committees	- Independent assessment of the adequacy of the composition of the Board by Egon Zehnder - Review of the Board composition and of its members' key competencies - Follow up of improvement orientations suggested by the Board 's external assessment - Validation of the Board's Committees composition - Appointment process of the Board members - Chairman and Chief Executive Officer succession plan - Appointment process and induction plan concerning Nathalie Labia, employee representative director
Executive directors	- Remuneration of the Chairman - Remuneration of the Chief Executive Officer, in particular the objectives of the variable portion, the evaluation of the achievement of the 2019 objectives - Review of long-term remuneration plans (free shares grant) - Directors' remuneration policy - Group bonus objectives for the year 2020 - Additional pension of the Chief Executive Officer - Definition of the objectives and modification of the duration of the Chief Executive Officer's severance fee - Exceptional remuneration of the Chief Executive Officer - Salary policy for executives – Steering tables
Miscellaneous	- In the context of the health crisis, measures put in place for health prevention and business continuity - Information on the Mail-Related Solution organisation and its HR challenges - Information on the "Customer Experience Management" organisation and its HR issues - Information on the digitization of the corporate culture and the employee experience

2.2.2 AUDIT COMMITTEE

Indicators	2020	2019
Number of meetings	3	3
Average attendance rate	100%	78%
Number of members	3	3
% of independent directors	100%	100%

The Board is assisted by an Audit Committee, composed of three independent members, which met three times in 2020 with an attendance rate of 100%. On average, the meetings lasted for two hours.

The Audit Committee comprises Éric Courteille (Chair), Hélène Boulet-Supau and William Hoover Jr.

The Audit Committee monitors all matters relating to the drafting and auditing of financial and accounting information, and in particular:

- the process of preparing financial information, notably by examining the scope of the consolidated companies;
- the effectiveness of internal control and risk management systems, their application and the implementation of corrective measures, where needed;
- legal audit by the statutory auditors of the annual financial statements and, where appropriate, the consolidated financial statements;
- the competence and independence of the external experts used by the Group.

In this context, the tasks of the Committee are:

- to review the scope of consolidation and examine all draft consolidated and individual financial statements and related reports which will be submitted to the Board for approval;
- to select a consolidation frame of reference, to ensure the appropriateness and permanence of the accounting policies used to draw up the consolidated and individual financial statements and to ensure the appropriateness of the treatment of significant operations at Group level;
- to ensure with respect to the Executive Management that all legal and financial communications are correctly performed with respect to stock market authorities;
- to assess the level of satisfaction of statutory auditors with the quality of information received from the Company's departments when performing their task and gather comments from management regarding the degree of sensitivity of the statutory auditors to the Group's business and its environment;
- to examine the key points of the statutory auditors' audit, any information brought to its knowledge with respect to operations and transactions by the Company that raises ethical issues, and transactions which, due to their nature and the person concerned, may reveal a conflict of interests;
- to ensure that key risks are identified, managed and brought to its attention. To this end, it examines the internal control and risk management systems, the internal audit program, monitors its development and the results of action plans, and draws the Board's attention to any improvements that have been made or remain to be made;
- to issue an opinion on the appointment or renewal of the statutory auditors; and
- to ensure the statutory auditors' independence and objectivity.

The main topics discussed at the Audit Committee meetings in 2020 were:

Financial position	- Organization of work for the annual closing - Review of the annual financial statements - Review of the management report - Review of the statutory auditors' assignments and fees - Review of acquisition price allocation - Review of deferred taxes - Examination of off-balance sheet commitments - Review of the key points of the statutory auditors' audit - Presentation of work to measure the impact of IFRS 16 on the balance sheet and EBITDA - Review of the impacts of acquisitions and divestments - Review of tax aspects and changes in ongoing litigation - Review of the implementation of IFRS 15 - Review of services, excluding audit work, provided by the EY network - Review of COVID-19 impact on cash and financial situation - Review of impairment tests
internal audit and risk management	- Review of internal audit procedures - Monitoring of the programs carried out by internal audit - Risk mapping

The Audit Committee primarily interacts with General Management, the finance department, the head of internal control and the Company's statutory auditors. The statutory auditors attend every Audit Committee meeting.

The Audit Committee can commission specific studies as required and may involve external experts.

2.2.3 STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Indicators	2020	2019
Number of meetings	9	3
Average attendance rate	100%	89%
Number of members	4	3
Percentage of independent directors	100%	100%

Since 24 September 2018, the Board has been assisted by a Strategy and Corporate Social Responsibility Committee.

This Committee is composed of Richard Troksa (Chair), Vincent Mercier, Martha Bejar and Nathalie Wright. The Committee met nine times.

The Committee's task includes reviewing and making recommendations on:

- the strategic focus of Quadient's business and key investments;
- the development projects of strategic importance to the Company, in particular in terms of organic growth and inorganic opportunities; and
- the guidelines, resources and achievements related to the social and environmental responsibility policy of the Company.

The Strategy and Corporate Social Responsibility Committee mainly interacts with members of the General Management and the Transformation team. It may also engage with members of the operational or functional divisions of the Company.

The Committee carries out its tasks independently and may, where appropriate, be assisted by external consultants. The Committee invites other directors from time to time to participate in the Committee's debates.

The main topics discussed at the Strategy and Corporate Responsibility Committee meetings in 2020 were:

Strategy	- Monitoring the "Back to Growth" strategy - Reviewing the selection and plans on key investments - M&A governance and opportunity discussions in the framework of "Back to Growth" strategy - Review of the main acquisition and divestment projects, including strategy and financial evaluation within the capital allocation process
Corporate Social Responsibility	- Review of the policies, objectives and programs related to corporate social responsibility, environment, inclusion & diversity, philanthropy, and ethics & compliance - Review of the 2020's CSR achievements and ESG ratings (*e.g.* Vigeo, Gaia Research, ISS ESG, EcoVadis, CDP)

2.3 Management team

The key task of the management team is to help execute the Company's strategic decisions and coordinate their implementation worldwide. On 1 February 2020, the Chief Executive Officer and his direct reports were as follows:

Geoffrey Godet	Chief Executive Officer
Stéphanie Auchabie	Chief People Officer
Brandon Batt	Chief Transformation Officer
Jean-François Labadie	Chief Operations Officer
Laurent du Passage[(a)]	Chief of Staff
Steve Rakoczy	Chief Digital Officer
Tamir Sigal	Chief Marketing Officer
Christelle Villadary	Chief Financial Officer

(a) *Chief of Staff position ended in July 2020 – Laurent du Passage transferred to CFO department.*

From 1 February 2021 on, the Chief Executive Officer and his direct reports are the following:

Geoffrey Godet	Chief Executive Officer
Stephanie Auchabie	Chief People Officer
Brandon Batt	Chief Transformation Officer
Jean-François Labadie[(a)]	Chief Operations Officer
Steve Rakoczy	Chief Digital Officer
Tamir Sigal	Chief Marketing Officer
Christelle Villadary[(b)]	Chief Financial Officer

(a) *Jean-François Labadie left Quadient on 2 March 2021. Dror Allouche, Benoit Berson, Ian Clarke and Duncan Groom were appointed as Chief Operating Officers of Quadient as of this date.*
(b) *Christelle Villadary left Quadient on 31 March 2021. Laurent du Passage was appointed as Chief Financial Officer of Quadient starting from 1 March 2021.*

In order to achieve the objectives it has set, Quadient intends to invest in diversity and gender parity by first addressing the issue of women representation in the Board of Directors, in executive management and in the management team, and by creating a positive environment not only for its women employees, but also for people of diverse backgrounds.

Quadient Chief Executive Officer and executive team members have all diversity and inclusion target in their bonus objectives.

Quadient has launched its Inclusion and Diversity policy on 23 October 2020: https://careers.quadient.com/global/en/diversity-and-inclusion.

Quadient commitments are:

1. create an environment of openness allowing all employees to bring their whole selves to work and feel they belong. Quadient does not discriminate against any individual because of their age, gender identity or reassignment, marital or civil partnership status, pregnancy, paternity or maternity, parental or family status, race or ethnicity, nationality or national origin, color, religion, disability status, sex or sexual orientation veteran status, political affiliation, language, genetic information (including family medical history), or any other dimension of diversity. The Company embraces and encourage its employees' differences and all employees will be treated fairly and with respect;
2. build diverse talent and teams by attracting, recruiting and hiring from diverse talent pools to enrich the organization;
3. embed Inclusion and Diversity practices into all our Talent Practices to ensure that the Company has a global workforce of talent to grow our leadership pipeline across the globe;
4. set up empowered Communities to support an inclusive culture and offer a sense of community and connection among employees; and to support diversity initiatives in Quadient's external community through its philanthropy program;
5. promote awareness and understanding among all employees thereby developing an educated workforce on inclusion and diversity;
6. set measurable objectives for diversity and inclusion which will be monitored and reviewed against the effectiveness of this policy and associated procedures.

The initiatives put in place in 2020 are as follows:

- to address Gender Diversity in Leadership: the implementation of a Women's Leadership program. This program is called "Empower" and is supported by Geoffrey Godet and Quadient's management team. It is designed to provide insights and practical skills focused on both the challenges and opportunities for women in leadership positions. It is an opportunity to reflect, reframe and equip oneself to progress to higher positions in the Company. These women will network and thrive and in turn, share their success with other women and help them achieve success. It also involves creating a community of women to share experiences and knowledge and to give each other the mutual confidence to work in a male-dominated environment. This visibility of women in senior positions greatly encourages the recruitment of women from outside the Company. Recruitment also promotes diversity, and Quadient's commitment to integrate more LGBTQ+ and minority people;
- to create an inclusive environment: Quadient has launched a program called Empowered Communities which are employees led and promote affinity groups within the company with 4 main focus: Women, LGBT+, Disabilities, Ethnicity & Cultural Background;
- Quadient has also decided to take an active part in events dedicated to women's rights, which help to develop the awareness of employees on this subject. Training for both managers and employees are available and promoted to help them fight against unconscious bias;
- to accelerate the acquisition of talents from diversity: Quadient has launched specific recuitment campaigns with the aim of diversifying the profiles recruited within the Company.

2.4 Remuneration of managers and directors

Letter from the Chairman of the Appointments and Remuneration Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present to you with the Remuneration Report of the Company for the fiscal year ended 31 January 2021.

Like most companies, we have lived an extraordinary year in the midst of the COVID-19 pandemic. The abruptness and unprecedented magnitude of the health crisis forced us to adopt fast and mindful decisions as early as the end of February 2020 to protect our employees and preserve our business, strongly impacted by the lockdowns, while always keeping in mind the interests of our shareholders. The Committee and the Board, altogether, have been pleased to witness the swift actions, reorganization and reprioritization that allowed the Company to maintain a strong performance following our key financial indicators.

Overview of 2020

Our employees and their health remained a top priority for the Company in 2020, and we first focused on measures to support all of them to mitigate the consequences of the crisis on their professional and personal lives, as well as preserving their remuneration levels wherever possible. The Chief Executive Officer decided in April 2020 to waive his entire 2020 variable annual remuneration and the payment of his supplementary pension for the year, which represented a sacrifice of 57% of his target total cash remuneration for 2020. The Company's top management team also demonstrated solidarity by freezing their 2020 salary increases and accepting to reduce a significant part of their 2020 annual variable remuneration, reduced to 40% of on-target variable compensation for Executive Committee members and 60% for senior leaders.

Additional measures were implemented, including:

- ensure Quadient's employees health and safety, while maintaining continuity of service for Quadient's customers and partners;
- limit the impact to revenue by motivating teams with tailored objectives and sales development programs based on synergies between solutions;
- mitigate the impact of a lower activity level to the Company's profitability, through strict cost management measures;
- preserve cash generation and liquidity, following an in-depth review of our investment roadmap and prioritizing initiatives supporting future growth; and
- maintain an effective capital allocation policy, ultimately securing the payment of a dividend of 0.50 euros per share to shareholders for 2020.

The combination of the financial focus shift, implementing measures to ensure that employees are protected and motivated, as well as the continuous support from our shareholders enabled Quadient to recover sooner than expected. In assessing compensation for 2020, the Appointments and Remuneration Committee and the Board appreciated that the 2020 second-half results improved even compared to 2019 second-half results on EBIT (+0.3%), free cash flow (+91.1 million euros), and profitability (16.4% in 2020 *versus* 15.8% in 2019). In addition, the Board approved and monitored throughout the year a disciplined expense management plan that resulted in the savings target for 2020 being achieved.

In this regard, the Appointments and Remuneration Committee, together with the Board, decided to propose several changes to the 2020 remuneration of Geoffrey Godet, and to his 2021 remuneration policy, for your approval at the next annual General Meeting.

Exceptional Remuneration

To reward the Chief Executive Officer for his relentless work and the notable financial recovery of the Company during 2020, the Board, upon recommendation of the Appointments and Remuneration Committee, decided to grant him a one-time exceptional remuneration, as it had been proposed and approved during the Annual General Meeting of 6 July 2020. Indeed, the Board considers that the Chief Executive Officer demonstrated a remarkable behavior and managed the risks of this crisis with great dedication. The Board estimates that, as announced in last year Remuneration Report and Letter to shareholders, the amount of the exceptional remuneration is reasonable and established with full conscience of the current economic conditions of Quadient. The amount of the exceptional remuneration has been determined by taking into account objective and measurable criteria for which the relative performance of the Chief Executive Officer has been assessed by the Board, in view of the value preservation and creation executed in 2020 for all stakeholders.

Changes to the remuneration policy related to long term incentive plans and Chief Executive Officer balance of EUR/USD compensation

Executive Summary:

- The Board asks for your support to approve the amendment of the Chief Executive Officer's performance share plans to align them with the changes already approved by the Board for Quadient's employees to account for the impact of 2020's pandemic on the Company's organic growth objective. For 2018, 2019 and 2020 plans:
  - keep RTSR unchanged in 2018, 2019 and 2020 plans to respect the alignment with shareholders' interests that have been impacted as well during this crisis,
  - remove 2020 absolute revenue objective to neutralize its impact over the three-year vesting schedule,
  - cancel one third of the shares attached to the internal performance criteria,
  - increase the target objective for 2021 revenues to compensate for lower comparison base in 2020;
- For 2021 plan:
  - reduced the RTSR from 60% to 40% of the total objectives to the introduction of a new criteria: the Return on Capital Employed (ROCE) criteria with a weigh of 20%,
  - revised the payout scale related to the Company's performance against the SBF 120,
  - increase the target objective for 2021 revenues to compensate for lower comparison base in 2020;
- In context of increased activity in the United States, Mr. Godet's EUR/USD compensation split will be modified from 85%/15% to 75%/25%.

The Board, following recommendation from the Appointments and Remuneration Committee, would like to ask for your support to partially amend the criteria used to measure the performance shares plans of the Chief Executive Officer that have been impacted by the unexpected financial turmoil of 2020. Those changes are required to keep the eligible participants of the current performance share plans (around 180 employees and executives), motivated towards reasonable and achievable goals as they have been strongly committed to support the Company during the pandemic. Their engagement for the success of Quadient has been instrumental, and we want to reward their support and contributions as they will continue to be the cornerstone for the Company's future success.

The Appointments and Remuneration Committee wants to highlight that no amendment is asked for any relative performance (RTSR) condition adjustment as we consider that all companies suffered from the same difficult conditions. As the predominant part of 2018, 2019 and 2020 performance share plans are based on relative total shareholder return, the amendments for which we are seeking your approval concern only the minor parts of the plan. Furthermore, for the absolute key internal criteria – organic growth – the proposed new targets have been raised to avoid any windfall effect due to an expected strong recovery and what could be considered an unfair comparison base to past years. Finally, 33% of the shares attached to the internal performance criteria have been cancelled to respect the alignment with shareholders' interests that have been impacted as well during this crisis. Details and calculations are displayed in the report.

Additionally, the Board decided to update the performance conditions attached to the 2021 performance share plan. Indeed, Quadient is transforming in-depth its business, accelerating the development of its software activities with the recent acquisitions of YayPay and Beanworks and migrating its technology towards Saas and Cloud. To be successful, Quadient must profoundly develop and acquire new skills. Although a global company, more than 50% of the revenue of Quadient is coming from North America. This, and the last acquisitions all US based, make this market a key location to attract new skills and retain talents. Moreover, 64% of our Executive and Senior Leaders Team (top 150) is non-French and 33% North American, including our CEO. Consequently, our attractiveness of talent depends, among other things, on our ability to build competitive incentive and retention plans in comparison with the European and North American Markets, not only French. The benchmark analysis recently done on these markets, concerning long-term incentives practices guided us to build our 2021 LTI plan in general and to adjust, among others, our approach concerning the RTSR in particular. Thus, the payout scale regarding Relative total shareholder return *vs.* SBF 120 has been revised. Indeed, the Appointments and Remuneration Committee proposes to set the threshold at the 33rd percentile of the SBF 120. The Board considers that as this is a challenging objective as this performance has not been achieved by Quadient during, at least, the previous three financial years. One of the reasons why this criterion is particularly challenging is that it is difficult for Quadient to identify a relevant peer group, and the most relevant, albeit particularly challenging, comparable in the Board's opinion remains the SBF 120.

As a consequence, the Board considers this threshold as demanding and requiring an ambitious improvement in the Company's stock market situation. We would like to stress out that this lowered threshold is not a way to guarantee any kind of payment to the future eligible participants of the plan. Finally, the ceiling that has to be reached to be able to vest the totality of the performance shares has been raised to the 75^{th} percentile which is far above the median and has not been achieved by the Company stock in years.

Additionally, the decision was made to introduce the Return on Capital Employed (ROCE) as requested by some of our shareholders. Quadient has made significant investments in the past 3 years and will continue investing in key initiatives to reach its growth ambition. The ROCE will help tracking the return on these investments in a transparent and rewarding manner as part of the long term incentive plan.

Finally, due to the amount of time spent in the United States on account of the importance of this country for Quadient, and in order to reflect the effective split of the CEO's activity between Europe and the United States, the Board decided to review in 2021 the breakdown of his remuneration in euros and US dollars. Therefore, 25% of Geoffrey Godet's fixed and variable remuneration will be paid in US dollars by the subsidiary Quadient Holdings, Inc. for his contributions to the US activity within his mandate to Quadient S.A.

Enhanced Disclosure

In line with market practice, the Appointments and Remuneration Committee reviews its effectiveness on a regular basis. It also believes that progresses have been made to disclose the balanced decisions taken with care related to the remuneration of our Chairman and Chief Executive Officer in order to provide stakeholders with a clear vision of the remuneration strategy and to enable well-informed decisions.

In this regard, the Afep-Medef table #2 has been revised to display the difference between amount due and amount paid for each of the fiscal year. Finally, clarification has been given regarding potential post mandate vesting of performance shares. Would the Board exercise any discretion to enable post-mandate vesting, it would be done on a prorated basis for the time spent in the Company and with an assessment of the performance criteria initially set. Further details are disclosed in the Remuneration report.

The Appointments and Remuneration Committee is convinced that the 2021 remuneration policy and the amendments to the long-term incentive plans, which will be submitted for approval at the Annual General Meeting of 1 July 2021, are fair and balanced for all stakeholders and that they will create long-term value for Quadient.

Sincerely yours,

Vincent Mercier

Chairman of the Appointments and Remuneration Committee

2.4.1 REMUNERATION POLICY OF CORPORATE OFFICERS

At Quadient, the remuneration policy for all corporate officers is determined by the Board of Directors on the basis of proposals from the Appointments and Remuneration Committee.

The work of the Appointments and Remuneration Committee relating to the remuneration policy for corporate officers is organised through preparatory meetings between the Chairman of the Committee, the human resources Director and, where appropriate, the Chief Executive Officer.

Members of the Board of Directors and of the Appointments and Remuneration Committee are required, in the context of the preparation of the remuneration policy for corporate officers, to comply with rules relating to the management of conflicts of interests set out in article 3.b of the Rules of Procedure of the Board and Committees and the principles set out in article 5 of the Directors' Charter. The Chairman and the Chief Executive Officer may participate in the work of the Committee ruling on remuneration, except with respect to their remuneration.

Each year, the Board of Directors and the Appointments and Remuneration Committee evaluate – and revise if necessary – Quadient's overall remuneration policy in the context of the work of these two bodies. The Board of Directors and the Appointments and Remuneration Committee refer to the recommendations of the Afep-Medef code to ensure that the remuneration policy:

- respects the principles of completeness, balance, comparability, consistency, transparency and moderation;
- respects the corporate interest, contributes to the Company's commercial strategy and sustainability, in particular by adopting criteria that assess the implementation of the new "Back to Growth" strategy and the Company's long-term development;
- takes into account the vote of the shareholders and, where applicable, the opinions expressed at the General Meeting;
- takes into account the terms and conditions of remuneration and employment of employees, the review of the Group's salary policy being among the duties of the Appointments and Remuneration Committee; and
- also takes into account market practices.

The remuneration policies and structure described below will also apply to the corporate officers whose term of office is would be renewed, or (where applicable on a *prorata* basis) to any new corporate officer who would be appointed, during the period of the application of this policy.

2.4.2 MANAGEMENT TEAM

The gross remuneration of the management team on 31 January 2021, including the Chief Executive Officer, Geoffrey Godet, is as follows:

(In thousands of euros)	31 January 2021	31 January 2020
Fixed remuneration	2,170.7	1,977.4
Annual variable remuneration[a]	1,431.1	1,131.3
Multi-annual variable remuneration	-	-
Benefits in kind (company cars, unemployment insurance for business directors, supplementary pension scheme paid in cash)	350.3	382.4
Remuneration of directors	30.0	30.0
Valuation of stock options[b]	-	-
Valuations of attribution of securities giving access to capital[a]	611.7	739.5
TOTAL	**4,593.8**	**4,260.6**
NUMBER OF MEMBERS	**8**	**7**

(a) *Annual variable remuneration paid during year N for the year N-1.*
(b) *The amount shown is the total cost of allocation made during the year.*

2.4.3 PAY RATIO

This presentation was made in accordance with the terms of article L.22-10-9 of the French commercial code.

The ratios below have been calculated on the basis of fixed and variable remuneration, incentive schemes, profit-sharing and benefits in kind paid during the years in question, *i.e.* financial years 2018, 2019 and 2020, as well as performance shares awarded during the same periods and valued at their fair value.

The calculation of averages and medians takes into account 1,155 employees for the 2020 financial year, excluding executive directors. This scope covers employees who have been continuously compensated by one of Quadient's French entities and who were present for the entire financial year in question.

The remuneration taken into account in 2020 in the calculation of the ratios relating to the Chairman of the Board of Directors, Didier Lamouche, for the remuneration solely relating to the exercise of his mandate as Chairman of the Board of Directors.

As a result of the reorganization of Quadient and its subsidiaries implemented in 2018, Quadient is only materially able to report this information on a three-year basis and does not have the technical means for providing data prior to the financial year 2018.

	January 31, 2021	January 31, 2020	January 31, 2019
Chairman of the Board of Directors			
Ratio of Chairman's remuneration/average employee remuneration	2.4	2.4	2.8
Ratio of Chairman's remuneration/median employee remuneration	3.1	3.0	2.8
Chief Executive Officer			
Ratio of Chief Executive Officer's remuneration/ average employee remuneration	30.5	29.7	16.7
Ratio of Chief Executive Officer's remuneration/ median employee remuneration	38.2	37.4	21.0
Employees of Quadient			
Change in average employees' remuneration	(2.8)%	+6.3%	N/A
Financial performance of Quadient			
Change in revenue	(9.9)%	+4.7%	N/A
Change in current operating income	(17.1)%	(7.1)%	N/A

The increase in the ratios relating to the remuneration of the Chief Executive Officer between 2019 and 2020 is due to the payment in 2020 of the variable element of his remuneration for 2019. Since Geoffrey Godet joined the Company on 1 February 2018, he did not receive any variable remuneration for 2017. As a reminder, the position of Chief Executive Officer was created on 1 February 2018 when the functions of Chairman and Chief Executive Officer were splited.

The change between 2019 and 2020 in the average remuneration of employees is linked to the partial activity due to the COVID-19 health crisis where some people were partially unemployed during a limited time.

Stock subscription or stock purchase options granted to the top ten non-corporate officer beneficiary employees and options exercised by the latter

There have been no subscription or stock purchase plans since 2012. As regards to previous or ongoing plans, no options have been exercised by the top ten non-corporate officer employees.

Stock subscription or stock purchase options

The following plans were approved:

Date of Annual General Meeting	Number of options to be allocated	Duration of authorisation
7 July 2009	960,000	38 months

These stock subscription or stock purchase options were granted to the executive team and the most high-potential employees having an impact on value creation within Quadient. Details of these subscription plans are provided in table #8 of the Afep-Medef code in this section.

Performance shares

Date of General Meeting	Number of shares to be allocated	Duration of authorization
1 July 2016	400,000	26 months
30 June 2017	400,000	26 months
28 June 2019	400,000	14 months
6 June 2020	400,000	14 months

The awards granted are listed in table #9 of the Afep-Medef recommendations in this section.

Employee savings plan

A Group Company savings plan (PEE) was introduced by Quadient S.A. in September 1998. Employees of Quadient S.A. or French companies related to it as defined in article L.225-180 of the French commercial code, are eligible to join the Quadient Group Company savings plan, subject to a minimum of six months of service in the Company.

A collective pension saving scheme (PERCO) was introduced in Quadient S.A. and the Group's French companies, open to employees that have a minimum of three months of service in the Company. A collective employee shareholding fund (FCPE) was created and approved by the Securities and Stock Exchange Commission, now the AMF, on 19 January 1999. This fund was created to manage the amounts received under the Quadient group company savings plan. The Quadient FCPE mainly invests the amounts received in Quadient shares and the investments are frozen for a period of five years, except in legally-allowed cases of early release.

The Quadient S.A. General Meeting of 6 July 2020 granted the Board of Directors the powers required to issue, on one or more occasions and over a 26-month period, shares reserved in particular for employees benefitting from the Quadient Group Company savings plan, subject to a nominal limit of 600,000 euros.

2.4.4 REMUNERATION POLICY OF DIRECTORS

TABLE OF REMUNERATION RECEIVED BY DIRECTORS

TABLE #3 AFEP-MEDEF CODE

(In euros)	January 31, 2021	January 31, 2020
Remuneration of directors		
Martha Bejar	41,500	31,500
Hélène Boulet-Supau	51,500	51,500
Éric Courteille	51,500	51,500
Virginie Fauvel	41,500	41,500
William Hoover Jr.	41,500	28,133
Christophe Liaudon, employee representing director	31,500	13,125
Nathalie Labia, employee representing director	11,454	-
Vincent Mercier	61,500	76,500
Richard Troksa	51,500	51,500
Nathalie Wright	38,636	35,567
Total compensation of non-executive directors	**422,090**	**380,825**
Other remuneration	**-**	**-**
Chairman remuneration as a director	**30,000**	**30,000**
Chief Executive Officer's remuneration of director	**30,000**	**30,000**
TOTAL REMUNERATION OF NON-EXECUTIVE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**482,090**	**440,825**
Maximum amount authorized by the General Meeting	495,000	495,000

In respect of their mandate as a director, the Chairman of the Board and the Chief Executive Officer receive a fixed amount of 30,000 euros per year for 100% attendance.

Board members

2020 DIRECTORS REMUNERATION POLICY

The methods for calculating the remuneration of Non-Executive Directors are as follows:

- base remuneration: 15,500 euros per year;
- attendance remuneration I: maximum of 13,000 euros per year, for regularly scheduled meetings: the amount may be reduced depending on personal attendance in each of these meetings (attendance remuneration I = 13,000 euros/number of ordinary meetings + attendance rate at theses scheduled meetings);
- attendance remuneration II: maximum of 3,000 euros per year, regardless of the number of extraordinary meetings convened during the year, the amount may be reduced based on personal attendance in each of these meetings (attendance remuneration II = 3,000 euros per number of extraordinary meetings + attendance rate at these unscheduled meetings);
- in the event no extraordinary meeting is convened, the 3,000 euros shall be allocated to each director in proportion to the attendance in the (ordinary) scheduled meetings;
- the total attendance remuneration (variable portion) is therefore capped at 16,000 euros per year, and the annual total amount of remuneration (base + attendance) is capped at 31,500 euros.

The Board of Directors met twelve times during the financial year 2020:

The Methods for calculating the remuneration of Committee members are as follows;

- Committee members 10,000 euros per year;
- Committee Chairperson: 20,000 euros per year.

As of 31 January 2021, no loans or guarantees has been granted or provided in favor of any management bodies of the Company.

As of 31 January 2021, no post-mandate obligations, such as remuneration, compensation or benefits, has been entered into by the Company for the benefit of its non-executive directors;

2021 DIRECTORS REMUNERATION POLICY;

The maximum amount for the director's remuneration authorized by the General Meeting will be increased from 495,000 euros to 560,000 euros. It is specified that such increase is solely intended to allow for the remuneration of potential missions of director within an *ad hoc* Committee set up by the Board (see below), the directors' remuneration policy being unchanged compared to the previous year in all other respects.

The methods for calculating the remuneration of non-executive directors will be as follows:

- base remuneration: 15,500 euros per year;
- attendance remuneration I: maximum of 13,000 euros/year, for regularly scheduled meetings; the amount may be reduced depending on personal attendance in each of these meetings (attendance remuneration I/ = 13,000 euros/number of ordinary meetings * attendance rate at these scheduled meetings);
- attendance remuneration II: maximum of 3,000 euros/year, regardless of the number of extraordinary meetings convened during the year; the amount may be reduced based on personal attendance in each of these meetings (Attendance remuneration II/meeting = 3,000 euros/number of extraordinary meetings * attendance rate at these unscheduled meetings);
- in the event no extraordinary meeting is convened, the 3,000 euros shall be allocated to each director in proportion to his or her actual attendance in the (ordinary) scheduled meetings;
- the total attendance remuneration (variable portion) is therefore capped at 16,000 euros per year, and the annual total amount of remuneration (base + attendance) is capped at 31,500 euros.

The methods for calculating the remuneration of Committee members will be as follows:

- Committee members: 10,000 euros per year;
- Committee Chairperson: 20,000 euros per year;

The following rules of allocation shall apply to any *ad hoc* Committee of the Board of Directors that may be established to consider any matter that the Board may deem useful or necessary to monitor or study;

- *ad hoc* Committee members: 1,000 euros per meeting with a maximum of 15,000 euros per year.

The Board of Directors may also propose, in addition to the maximum amount authorised by the General Meeting for the remuneration of directors, to allocate, upon the recommendation of the Appointments and Remuneration Committee, to one or several directors an exceptional remuneration for a specific mission assigned in accordance with article L.22-10-15 of the French commercial code, considering, notably, the scope of such mission, its duration and the involvement required. The allocation of such remuneration shall be subject to the related-party agreement review and approval process.

2.4.5 2020 REMUNERATION – THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The total remuneration and benefits in kind paid by Quadient S.A. and the companies it controls to Didier Lamouche, Chairman and Geoffrey Godet, Chief Executive Officer, during the financial year 2020 were awarded on the basis of the resolutions approved by the General Meeting of July 6, 2020. These resolutions approved the principles and criteria for setting, allocating and awarding the various elements of this remuneration.

At Quadient, the remuneration policy for executive directors is determined by the Board of Directors, upon the Appointments and Remuneration Committee's proposal.

The Board of Directors and the Appointments and Remuneration Committee refer in particular to the recommendations of the Afep-Medef code when establishing the remuneration and benefits awarded to Quadient's executive directors. In accordance with these recommendations, they ensure that this remuneration policy complies with principles of comprehensiveness, balance, comparability, consistency, transparency and moderation, and also take market practices into account and, more generally, Quadient's corporate interest.

Due to the time spent in the United States linked to the importance of this country for Quadient, Geoffrey Godet's remuneration is partly paid in United States dollars by the subsidiary company Quadient Holding Inc.

The total remuneration and benefits in kind paid and owed by the Quadient S.A. and the companies that it controls to Didier Lamouche during the financial year 2020, which ended on January 31, 2021, is allocated as follows:

Overview of the components of Didier Lamouche's remuneration in his capacity as Chairman *(In thousands of euros)*	Paid or due as of 31 January 2021
Fixed remuneration	120.0
Annual variable remuneration	-
Multi-annual variable remuneration	-
Remuneration as director	30.0
Benefits in kind (company car, unemployment insurance for business directors)	-
Exceptional remuneration	-
Remuneration linked to the assumption or termination of duties	-
Valuation of performance shares granted during the financial year	-

The total remuneration and benefits in kind paid and owed by Quadient S.A. and the companies that it controls to Geoffrey Godet during the financial year 2020, which ended on 31 January 2021, is allocated as follows:

Overview of the components of Geoffrey Godet's remuneration in his capacity as Chief Executive Officer *(In thousands of euros)*	Paid or due as of 31 January 2021
Annual fixed remuneration[(a)]	607.4
Annual variable remuneration[(b)]	paid: 705.1 due: 0.0
Multi-annual variable remuneration	-
Compensation of directors	30.0
Benefits in kind (company car, unemployment insurance for business directors, supplementary retirement plan paid in cash)	paid: 198.8 due: 16.6
Exceptional remuneration[(c)]	paid: 0 due: 243.0
Compensation linked to the assumption or termination of duties	-
Valuation of performance shares awarded during the financial year	335.2

(a) *The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The EUR/USD exchange rate used is the budget rate, i.e. 1.15 for the financial year 2020.*

(b) *The annual variable remuneration "due" corresponds to the bonus provisioned in Quadient S.A. and Quadient Holding Inc. financial statements at the end of the financial year while the annual variable remuneration "paid" corresponds to the bonus paid with respect to the previous year, representing 0% of the fixed remuneration paid in 2020.*

(c) *The exceptional remuneration is divided in two parts: 204,000 euros paid in France and 44,800 United States dollars paid in the United States. The EUR/USD exchange rate used in this table is the budget rate, i.e. 1.15 for financial year 2020.*

Exceptional remuneration of the Chief Executive Officer for 2020

As mentioned in the letter from the Chairman of the Remuneration and Appointment Committee, Geoffrey Godet waived, as a measure of solidarity, all his variable annual remuneration for 2020 and the payment of his supplementary pension for the 2020 financial year which represented a sacrifice of 57% of his total-cash compensation.

The Board highly appreciated Geoffrey Godet's decision to make this solidarity effort at the start of the health crisis in view of the uncertainties that 2020 represented for Quadient, its employees and its shareholders and therefore, with regard to the difficulty in assessing the performance of the Chief Executive Officer in this unprecedented context, proposed during the last General Meeting to approve that an exceptional remuneration could be paid to the Chief Executive Officer if the Covid-19 health crisis and its consequences for the Group were successfully managed during the 2020 financial year, on the basis of objective and measurable criteria recommended by the Remuneration and Appointment Committee.

The principle of this exceptional remuneration was approved at the General Meeting of July 6, 2020.

Following Quadient's economic recovery in the second half of the year, with an extremely rapid financial recovery, given the context, and in light of Quadient's priorities announced on May 27, 2020, the Board of Directors, at its meeting on May 6, 2021, upon recommendation of the Remuneration and Appointment Committee decided that it was fair and equitable to reward the Chief Executive Officer for his results while having a rational, reasonable and transparent approach to define the basis for calculating the exceptional remuneration and the performance criteria.

It was decided to consider the following criteria to assess the performance of the Chief Executive Officer:

- regarding the critera for determining the exceptional remuneration:
  - historically, the variable part of the CEO is based on 80% quantitative criteria and 20% qualitative criteria, each target being capped at 150%,
  - in the event that the Chief Executive Officer had not waived his bonus, he would have performed on the qualitative part 20% and on the quantitative part on the Free-Cash-Flow criteria (20% of 80%),
  - the Board therefore found it reasonable to determine a new basis for calculating the exceptional remuneration as 36% of the fixed compensation, capped at 150% in the event the targets are exceeded;
- regarding the criteria used to assess the performance of the Chief Executive Officer, the Board followed the recommendation of the Appointments and Remuneration Committee, which was based on the priorities announced on May 27, 2020 and formalized three objective and measurable criteria:

1. protecting the health and safety of employees, while maintaining continuity of service for Quadient's customers and partners (33%),
2. Quadient's operational results in the context of the health crisis, in comparison with 2019: evolution of EBIT and Free-Cash-Flow compared to 2019 and achievement of the OPEX reduction objectives given by the Board in May 2020 (33%),
3. preserving the interest of shareholders by limiting the impact of the decline in activity on Quadient's profitability (34%).

After reviewing the performance of the Chief Executive Officer for the financial year 2020 in regard to these criteria, the Board concluded that Quadient had demonstrated exceptional resilience and performance in the context of the Covid-19 crisis:

Protecting the health and safety of employees, while maintaining continuity of service for customers and partners.

- Quadient distinguished by the implementation of a significant series of solidarity measures towards its employees, in particular by:
  - maintaining salaries and benefits coverage for all of its employees (including in countries where this is not a legal obligation),
  - maintaining employment and use of partial unemployment and furlough in a limited amount of time,
  - the implementation of internal training programs for employees to allow job retention and internal mobility,
  - the offer of psychological support for all employees through an "Employee Assistance Program" in all the countries where Quadient is established, and
  - the implementation of a program which enabled Senior Leaders to donate, altogether, a total of 350 days of paid leave to employees who expressed a need for additional days of paid leave (for example, for children-care or support of family members affected by COVID-19);
- regarding this objective, the achievement was validated by the Board at 100%.

Quadient's operational results in the context of the health crisis, compared to 2019.

- Quadient successfully continued the implementation of its "Back to Growth" plan during the fiscal year 2020 by:
  - the implementation of the new Quadient branding,
  - continuous renewal of the Executive Team and senior management positions,
  - the simplification of the organizational structure of Quadient, and
  - the implementation of sales development programs based on the synergies between its solutions and the establishment of focused objectives for the operational teams;
- these measures enabled a faster-than-expected recovery and higher second-half results compared to the same period in 2019 on the following indicators:
  - EBIT (+0.3%),
  - free-Cash-Flow (EUR 91.1 million in 2020 against EUR 64.9 million in 2019, i.e. 94% increase), and
  - profitability (16.4% in 2020 against 15.8% in 2019);

- in addition, the exceptional OPEX reduction plan requested by the Board has been implemented and the target of 40 million euros in savings achieved and largely exceeded, EUR 46.6 million, *i.e.* 16.5% more than planned;
- regarding this objective, the achievement was validated by the Board at 120%.

Preserving the interests of shareholders by limiting the impact of the decline in activity on Quadient's profitability.

- Quadient was able, from September 2020 (publication of the first half of the year), to present new objectives for 2020, revised upwards in January and then March 2021, particularly in view of an exceptional performance in terms of cash flow creation;
- the level of Free-Cash-Flow increased by 94% compared to 2019 and EBIT remained at 80% of its 2019 level;
- the debt level decreased from EUR 171 million at the end of FY2019, to EUR 72 million at the end of FY2020 (excluding leasing) and, moreover, Quadient did not resort to government loans in any country to maintain its level of cash income during the crisis;
- Quadient maintained the payment of a dividend for the 2019 financial year and announced to return to a normal dividend level as of the 2020 financial year;
- Quadient announced, on March 30, 2021, a new ambitious strategic plan prepared under the direction of the Chief Executive Officer to allow a sustainable recovery of its activity in the current economic context;
- all of these measures and results were viewed positively by investors and analysts, the price of Quadient's share having returned, as of May 6, 2021, to a level equivalent to the pre-COVID-19 crisis in February 2020;
- regarding this objective, the achievement was validated by the Board at 110%.

The exceptional compensation, based on the description of the achievement of the above objectives, therefore represents 40% of the 2020 fixed compensation of the Chief Executive Officer.

In summary, considering that Quadient:

- performed better in the second half of 2020 than in the same period in 2019 and therefore achieved, for this period, the 2020 target as set before the crisis;
- maintained its EBIT at 80% of the 2019 level despite the unprecedented health crisis;
- drastically increased its cash-flow level;
- protected its shareholders and employees and put in place the conditions for lasting performance to catch up with its objective of revenue growth.

The Board of Directors therefore decided:

- that the impact on the compensation of the Chief Executive Officer due to the abandonment of all of his variable annual compensation for 2020 did not fairly reflect the performance of the Company during the 2020 financial year, and in particular financial and stock market performance; and
- therefore to grant him, for the 2020 fiscal year, an exceptional remuneration, on the basis of the criteria proposed by the Appointments and Remuneration Committee, i.e. an amount of 204,000 euros and 44,800 US dollars representing 40% of his 2020 fixed annual compensation (a 39% reduction in his total-cash compensation).

The Board acknowledged, and also took into account, the fact that this exceptional remuneration represented a lower percentage than the percentage of variable compensation pay-out awarded for this fiscal year to the Quadient Executive Team members.

The payment of this exceptional remuneration will be proposed to the vote of the next General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2021.

SUMMARY TABLE OF REMUNERATION AND OPTIONS AND SHARE GRANTED FOR EACH EXECUTIVE DIRECTOR

TABLE # 1 AFEP-MEDEF CODE

(In thousands of euros)	31 January 2021	31 January 2020
Didier Lamouche		
Remuneration due for the financial year	150.0	87.5
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year	-	-
Valuation of performance shares awarded during the financial year	-	-
TOTAL	**150.0**	**87.5**

(In thousands of euros)	31 January 2021[(a)]	31 January 2020[(a)]
Geoffrey Godet – Chief Executive Officer		
Remuneration due for the financial year	957.7	1,527.6
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year	-	-
Valuation of performance shares awarded during the financial year	335.2	356.4
TOTAL	**1,292.9**	**1,884.0**

(a) *Reflects the amount paid effectively.*

SUMMARY TABLE OF REMUNERATION OF EACH EXECUTIVE DIRECTOR

TABLE # 2 AFEP-MEDEF CODE

	31 January 2021		31 January 2020	
(In thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Didier Lamouche				
Annual fixed remuneration	120.0	120.0	70.0	70.0
Annual variable remuneration	-	-	-	-
Multi-annual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	17.5	17.5
Benefits in kind	-	-	-	-
TOTAL	**150.0**	**150.0**	**87.5**	**87.5**
Geoffrey Godet – Chief Executive Officer				
Annual fixed remuneration[(a)]	607.4	607.4	603.3	603.3
Annual variable remuneration		705.1	703.3[(b)]	706.6
Multi-annual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	30.0	30.0
Benefits in kind	16.6	198.8	193.9	193.9
Exceptional remuneration[(c)]	243.0	-	-	-
TOTAL	**896.9**	**1,541.3**	**1,527.6**	**1,533.9**

(a) *The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The exchange rate used is the budget rate, i.e. 1.15 for financial year 2020 and 1.20 for financial year 2019.*

(b) *Reflects the amount paid effectively contrary to the amount displayed in the consolidated financial statements. The 603,000 euros being the amount accrued initially.*

(c) *The exceptional remuneration is divided in two parts: 204,000 euros paid in France and 44,800 United States dollars paid in the United States. The EUR/USD exchange rate used in this table is the budget rate, i.e. 1.15 for financial year 2020. This amount reflects the amount paid effectively contrary to the amount displayed in the consolidated financial statements. The 332,000 euros amount indicated in the consolidated accounts being the amount accrued initially.*

SUMMARY TABLE OF REMUNERATION OF DIRECTORS AND OTHER REMUNERATION OF EACH EXECUTIVE DIRECTOR

TABLE # 3 AFEP-MEDEF CODE

(In thousands of euros)	31 January 2021	31 January 2020
Didier Lamouche – Chairman		
Remuneration as director	30.0	17.5
Other remuneration	-	-
TOTAL	**30.0**	**17.5**
Geoffrey Godet – Chief Executive Officer		
Remuneration as director	30.0	30.0
Other remuneration	-	
TOTAL	**30.0**	**30.0**

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR

TABLE # 4 AFEP-MEDEF CODE

(In euros)	Number and date of plan	Type of options	Valuation of options[a]	Number of options granted during the financial year	Exercise price	Exercise period
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-	-	-	-

(a) Valuation under IFRS standards

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE DIRECTOR

TABLE # 5 AMF RECOMMANDATION – AFEP-MEDEF CODE

(In euros)	Number and date of plan	Number of options exercised during the year	Exercise Price
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR

TABLE # 6 AFEP-MEDEF CODE

(In thousands of euros)	Number and date of plan	Number of shares granted during the year	Valuation of shares[a]	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	15/01/2021	40,000[b]	335.2	16/01/2024	16/01/2024	Organic sales growth Relative TSR[c]

(a) IFRS valuation standards.
(b) i.e 0.12% of the share capital.
(c) TSR = Total Shareholder Return.

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE YEAR FOR EACH EXECUTIVE OFFICER

TABLE # 7 AFEP-MEDEF CODE

	Date of plan	Number of shares available during the financial year	Number of shares that met the vesting conditions
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

HISTORY OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED

TABLE # 8 AFEP-MEDEF CODE

Stock options		
Date of General Meeting	07/07/2009	07/07/2009
Date of Board meeting (start of exercise period)	12/01/2011	12/01/2012
Expiry date	12/01/2021	12/01/2022
Performance conditions	**Yes**	**Yes**
Initial number of options available for subscription or purchase	239,400	260,800
including attributable under performance conditions	*40,000*	*75,000*
Adjusted[a] number of options that could be available for subscription or purchase	197,013	225,618
of which available for subscription or purchase by Didier Lamouche – Chairman	-	-
of which available for subscription or purchase by Geoffrey Godet – Chief Executive Officer		
	66.64	**52.3**
Initial subscription or purchase price (in euros)	**67.24**	**53.5**
	60.86	**47.76**
Adjusted[a] subscription or purchase price *(in euros)*	**62.32**	**48.85**
Total number of options subscribed	**-**	**(9,000)**
Adjusted[a] cumulative number of subscription or purchase options cancelled or nullified	(197,013)	(121,160)
NUMBER OF SHARE SUBSCRIPTIONS OR PURCHASE OPTIONS OUTSTANDING AS OF 31 JANUARY 2021	**-**	**95,458**
of which exercisable by Didier Lamouche – Chairman	-	-
of which exercisable by Geoffrey Godet – Chief Executive Officer		

(a) Adjusted value after the payment of dividends, partly paid from capital reserves.

Stock subscription or stock purchase options granted to the top ten non-corporate officer beneficiary employees and options exercised by the latter.	**Total number of options granted/ shares subscribed or purchased**	**Weighted average price**
Options granted, during the financial year, by the issuer and any company included in the scope of allocation of the options, to the ten employees of the issuer and of any company included in this scope, for which the number of options granted is highest (aggregate information)	-	-
Options held on the issuer and the companies referred to above, exercised during the financial year by the ten employees of the issuer and these companies, whose number of options thus purchased or subscribed is the highest (aggregate information)	-	-

HISTORY OF PERFORMANCE SHARE GRANTED

TABLE # 9 AFEP-MEDEF CODE

Free shares						
Date of General Meeting	01/07/2016	30/06/2017	30/06/2017	28/06/2019	28/06/2019	06/06/2020
Date of Board meeting	27/03/2017	28/06/2018	26/04/2019	23/09/2019	06/01/2020	25/09/2020
Grant Date	27/03/2017	28/06/2018	26/04/2019	23/09/2019	06/01/2020	15/01/2021
Performance conditions	yes	yes	yes	yes	yes	yes
Total number of shares granted, of which to:	246,700	226,600	12,000	391,030[a]	5,000	386,000
Didier Lamouche – Chairman	-	-	-	-	-	-
as percentage of share capital	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	40,000	-	40,000	-	40,000
as percentage of share capital	-	0.12%	-	0.12%	-	0.12%
Vesting date of shares	28/03/2020	29/06/2021	27/04/2022	24/09/2022	07/01/2023	16/01/2024
End of lock-up period date	28/03/2020	29/06/2021	27/04/2022	24/09/2022	07/01/2023	16/01/2024
Number of shares vested as of 31 January 2021	**26,158**	-	-	-	-	-
Cumulative number of shares cancelled or nullified as of 31 January 2021	**220,542**	**32,000**	**11,000**	**14,730**	**-**	**-**
NUMBER OF SHARES OUTSTANDING AT OF 31 JANUARY 2021	**-**	**194,600**	**1,000**	**376,300**	**5,000**	**386,000**

(a) Correction of an error identified during the preparation of the universal registration document 2020.

2017 PERFORMANCE PLAN SHARE – DETAILS OF THE ACQUISITION IN 2020

Performance indicator	Weight of each performance indicator	Minimum	Target Objective	Maximum	Achievement Level	Acquisition Level
Consolidated Turnover CSS The average annual organic growth rate (expressed as a percentage) of the CSS Consolidated Turnover defined as (Group) Consolidated Turnover minus Quadient MS consolidated Turnover, as stated in Quadient Group reporting over 3 years.	20%	10%	15%	20%	10.2%	0.8%
SME Consolidated Turnover Growth The average annual growth rate over three years, based on the (Quadient) SME Consolidated Turnover for 2016 financial year.	20%	(3.4)%	(2.4)%	(1.9)%	(2.2)%	119.6%
EBIT (FY End of the Vesting Period, *i.e.* 2019)	40%	18.5%	20.0%	21.0%	16.2%	0%
Relative Total Shareholder Return The annualized ratio (expressed as a percentage) of the amount, calculated as the aggregate of the closing Quadient share price on the 29 February 2020, less the opening Quadient share price on the 1 March 2017, plus any dividends paid during the period concerned, divided by the opening Quadient share price on the 1 March 2017 and compared to the average Total Shareholder Return ratio, (calculated in the same manner) of the SBF120 index companies	20%	0.0%	2.0%	3.0%	(11.7)%	0%
TOTAL	**100%**	**0%**	**100%**	**150%**	**NA**	**24.7%**

Geoffrey Godet did not receive any performance shares for the 2017 LTI plan. As a consequence, no performance shares vested in 2020 for him.

AMENDMENT OF THE ONGOING PERFORMANCE SHARE PLANS:

Upon proposal of the Appointments and Remuneration Committee, the Board considered on 6 May 2021, in the exceptional context induced by the Covid-19 crisis, that the elements relating to the 2020 fiscal year were not representative of Quadient's global performance over the reference period of the ongoing performance share plans and would thus have a disproportionate impact by entailing a demotivating loss of performance shares for all beneficiaries who were instrumental in the recovery and rebound of Quadient's performance.

Therefore, the Board of Directors decided:

- to not take into account the fiscal year 2020 in the measurement of the absolute performance criteria (organic sales growth and consolidated EBIT as a percentage of consolidated sales) and thus to decrease accordingly the envelopes granted to all beneficiaries;
- to set a more challenging absolute performance criterion for the 2019 and 2020 performance share plans that requires a stronger recovery of Quadient's activity than what was initially set, in order to avoid any windfall effect due to the recovery of the economy; and
- to maintain the lower limit and maximum for the relative criterion as it was set up and announced initially and to keep the measurement over the three-year period, as planned.

As a result, the performance criteria of the 2018, 2019 and 2020 plans have been amended marginally to take into account the impact of the Covid-19 crisis.

These amendments are designed to realign the interests of the beneficiaries of the performance share plans (around 180 employees and executives) with the shareholders and were considered by the Board to be balanced and fair in view of the financial results and ambitious objectives announced on March 30, 2021 at the Capital Markets Day.

The Chief Executive Officer being among the beneficiaries of these plans, the Board will propose to the General Meeting of July 1, 2021 to approve the adjustment of the performance share plans with regards to the Chief Executive Officer remuneration policy.

Consequently, the 2018 performance share plan would be amended as follows:

Weighting	Criteria[a]	Fiscal Year	Lower limit (0%)	Maximum (100%)	Impact on share performance envelope
20%	Organic sales growth[b]	2018	(1)%	0%	One third of the shares attached to these criteria, i.e. one third of 40% of the total allocation, are cancelled immediately
		2019	(1)%	0%	
		2020	Not taken into account	Not taken into account	
20%	Consolidated EBIT as a % of consolidatedsales as at 31 January 2021	2018	17.5%	18.5%	
		2019	17.5%	18.5%	
		2020	Not taken into account	Not taken into account	
60%	Total shareholder return relative to SBF120 (from 28/06/2018 to 27/06/2021)		0%	+2%	No impact
TOTAL	**MAXIMUM NUMBER OF SHARES THAT CAN BE GRANTED**		**0**	**226,600**	**DECREASE OF: (I) THE GLOBAL ENVELOPE FROM 226,600 TO 196,387; AND (II) THE CHIEF EXECUTIVE OFFICER'S ENVELOPE FROM 40,000 TO 34,667**

(a) The measurement of the performance is linear between the lower limit and the maximum.
(b) Based on the average performance of 2018 and 2019.

At the date of publication of the Universal Registration Document the results for the absolute internal criteria were known. The proposed changes would allow the vesting of 13.3% of the shares out of the 40% maximum for those criteria. The Board has deemed this vesting fair and reasonable for all stakeholders regarding past performance of previous plans and exceptional circumstances faced in 2020. At the date of publication of the Universal Registration Document the results for the relative criteria were unknown.

The 2019 performance share plan would be amended as follows:

Weighting	Criteria[a]	Fiscal Year	Initial lower limit (0%)	Amended lower limit (0%)	Initial maximum (100%)	Amended maximum (100%)	Impact on share performance envelope
60%	Relative total shareholder return (from 1 February 2019 until 31 January 2022 (included); for January 2022 only, the TSR performance is measured on the average TSR of the month)		0%	No change	+2%	No change	No impact
40%	Organic sales growth[b]	2019	0%	0%	+2%	+2%	One third of the shares attached to this criterion, *i.e.* one third of 40% of the total allocation are cancelled immediately 2021 targets are increased compared to original targets of the plan
		2020	0%	Not taken into account	+2%	Not taken into account	
		2021	0%	+1.20%	+2%	+3.20%	
TOTAL	**MAXIMUM NUMBER OF SHARES THAT CAN BE GRANTED TO ALL BENEFICIARIES**	**N/A**	**0**	**0**	**400,000**	**346,667**	**DECREASE OF: (I) THE GLOBAL ENVELOPE FROM 400,000 TO 346,667; AND (II) THE CHIEF EXECUTIVE OFFICER'S ENVELOPE FROM 40,000 TO 34,667**

(a) The measurement of the performance is linear between the lower limit and the maximum.
(b) Based on the average performance of 2019 and 2021 (at constant exchange rates and scope).

The 2020 performance share plan would be amended as follows:

Weighting	Criteria[a]	Fiscal Year	Initial lower limit (0%)	Amended lower limit (0%)	Initial maximum (100%)	Amended maximum (100%)	Impact on share performance envelope
60%	Relative total shareholder return (from 1 February 2020 until 31 January 2023 (included); for January 2023 only, the TSR performance is measured on the average TSR of the month)		0%	No change	+2%	No change	No impact
40%	Organic sales growth[b]	2020	0%	Not taken into account	+2%	Not taken into account	One third of the shares attached to this criterion, *i.e.* one third of 40% of the total allocation are cancelled immediately 2021 and 2022 targets are increased compared to original targets of the plan
		2021	0%	+1.20%	+2%	+3.20%	
		2022	0%	+1.20%	+2%	+3.20%	
TOTAL	**MAXIMUM NUMBER OF SHARES THAT CAN BE GRANTED TO ALL BENEFICIARIES**	**N/A**	**0**	**0**	**400,000**	**346,667**	**DECREASE OF: (I) THE GLOBAL ENVELOPE FROM 400,000 TO 346,667; AND (II) THE CHIEF EXECUTIVE OFFICER'S ENVELOPE FROM 40,000 TO 34,667**

(a) The measurement of the performance is linear between the lower limit and the maximum.
(b) Based on the average performance of 2021 and 2022 (at constant exchange rates and scope).

TABLE # 11 AFEP-MEDEF CODE

Executive directors (as at 31 January 2021)	Employment contract	Supplemental Pension plan	Remuneration or benefits due or likely to be due in case of termination or change in functions	Remuneration in view of a non-compete clause
Didier Lamouche	No	No	No	No
Start date of the mandate: 28 June 2019 End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on 31 January 2022				
Geoffrey Godet	No	Yes[(a)]	Yes[(a)]	No
Start date of the mandate: 29 June 2018 End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on 31 January 2021				

(a) Cf. 2.4.6.2 of this universal registration document, the commitments mentioned in the fourth paragraph of article L.22-10-9.

In addition to the defined-contribution supplemental pension scheme (article 83 of the French General Tax Code), the Board of Directors, on the recommendation of the Appointments and Remuneration Committee and in accordance with the resolutions of the General Meeting of 29 June 2018, approved the principle of granting the Chief Executive Officer a supplemental pension scheme. This scheme is based on payments made in cash that will represent 15% of his theoretical annual fixed and variable remuneration (assuming objectives are met at 100%), that will enable him to constitute his supplemental pension directly, year after year. Geoffrey Godet will allocate these additional payments, net of any social security contributions and taxes, to investment vehicles dedicated to financing his supplemental pension scheme.

These payments will be subject to performance objectives that will be the same as those related to his variable annual remuneration. The achievement percentage related to the Chief Executive Officer's annual variable remuneration will therefore apply to these payments but will be capped at a 100% achievement of the objectives.

For 2020, since the CEO renounced for the fiscal year 2020 to the benefit of its supplemental pension scheme, the total employer contribution paid by Quadient concerns only the defined-contribution supplemental pension scheme (article 83 of the French General Tax Code) for a total amount of 12,169 euros.

2.4.6 2021 REMUNERATION POLICY – THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board and the Chief Executive Officer, in respect of their respective corporate office, these principles and criteria will be the subject of resolutions put to the vote during the General Meeting of 1 July 2021.

This updated remuneration policy, determined in accordance with what the principles presented in section 2.4.1, is intended in particular to take into account the objectives of Quadient's new strategy, announced on March 30, 2021.

In addition, the Board, upon recommendation form the Appointments and Remuneration Committee has decided to amend the criteria for the 2021 performance share plan compared with the 2020 plan. The choice was made to introduce the Return on Capital Employed (ROCE). Quadient has made significant investments in the past 3 years and will continue investing in key initiatives to reach its growth ambition. The ROCE will help tracking the return on these investments in a transparent and rewarding manner as part of the long term incentive plan.

Finally, the Board has decided to set the threshold for the performance criterion "Relative total shareholder return *vs.* SBF 120" at the 33rd percentile. As it is difficult to compare the company to a relevant industry peer group that would be facing the same challenges than Quadient, the Board decided to keep using the SBF 120. This is an objective that has not been achieved by Quadient in the previous three financial years and which was therefore considered by the Board to be demanding and to imply an ambitious improvement in the Company's stock market situation, in accordance with market practices.

2.4.6.1 - The Chairman – 2021 remuneration

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board, in respect of his corporate office, these principles and criteria will be the subject of a resolution put to the vote during the General Meeting of 1 July 2021.

Should the General Meeting of 1 July 2021 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

The remuneration policy of the Chairman is determined in compliance with Quadient remuneration policy, taking into account his duties, experience, years of service and performance, as well as market practices.

The remuneration of the Chairman consists of compensation for his mandate as director (formerly directors' fees), annual fixed compensation for his corporate mandate and benefits in kind.

1° Remuneration as a director (formerly directors' fees)

The Board of Directors may decide to pay the Chairman of the Board compensation for his mandate as director. The principle is to award a fixed amount.

The Chairman should receive a maximum of 30,000 euros in 2021 on an annual basis in respect of the corporate office he holds in Quadient. This amount is unchanged compared to the previous year.

This item of remuneration accounts for 20% of the total remuneration provided for in the remuneration policy of the Chairman.

2° Annual fixed remuneration

Annual fixed remuneration is set by the Board of Directors on the Appointments and Remuneration Committee's recommendation in accordance with the Afep-Medef code's principles. The fixed remuneration of the Chairman has thus been established in relation to the scope of the position and to practices observed in French and international groups where activities, revenues, market capitalisation, number of employees and challenges are similar to those of Quadient's.

The Appointments and Remuneration Committee uses studies produced by the external consulting firm Mercer to draw remuneration benchmarks for all Board positions. As regards the Chairman's remuneration, the Committee refers to a panel comprising about 30 companies and, with the assistance of the aforementioned consulting firm, verifies Chairman remuneration's position, which appears to be in line with the practices of this panel, both in terms of structure and amount.

For the financial year 2021, the Chairman's annual fixed remuneration would be 120,000 euros, unchanged compared to the previous year.

This item of remuneration accounts for 80% of the total remuneration provided for in the remuneration policy of the Chairman.

3° Performance shares

The Chairman is not eligible for any long-term remuneration plan offered by the Company.

4° Benefits in kind

The Chairman can benefit from reimbursement of reasonable business expenses incurred in the course of performing his duties, on presentation of appropriate receipts, in accordance with the Company policy.

The Chairman does not receive any other remuneration for his corporate office. Therefore, he does not receive any multi-annual variable remuneration, exceptional remuneration, nor any allocation of stock subscription or purchase options. He is not entitled to any severance payment or remuneration relating to a non-compete clause.

These remuneration items will be the subject of a resolution submitted by the Board of Directors to the General Meeting. The resolution will be worded as follows: "Having considered the report corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, ruling in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for setting, allocating and attributing the fixed, variable and exceptional components comprising the total remuneration and benefits of all kind detailed in the aforementioned report and payable to the Chairman's in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French commercial code. This information is provided in section 2.4.6 "The Chairman – Remuneration 2021" of the 2020 universal registration document."

2.4.6.2 - The Chief Executive Officer – 2021 remuneration

Pursuant to article L.22-10-8 of the French commercial code, this report, drawn up by the Board of Directors, sets out the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components comprising the total remuneration and benefits in kind awarded to the Chief Executive Officer, Geoffrey Godet, in respect of his corporate office, which shall be put to the vote during the General Meeting of 1 July 2021.

Should the General Meeting of 1 July 2021 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

Pursuant to article L.22-10-8 of the French commercial code, it is hereby specified that the payment of variable and exceptional components to Geoffrey Godet for the financial year 2020 shall be subject to approval of the General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2021.

The remuneration elements for the Chief Executive Officer are therefore established on the basis of the Quadient remuneration policy considering his duties within Quadient, his experience, years of service and performance, as well as market practices. Any future increases in remuneration shall take into account Quadient's performance as well as market practices.

Due to the amount of time spent in the United States on account of the importance of this country for Quadient and in order to reflect the effective split of the CEO's activity between Europe and the United States, the Board of directors decided to review in 2021 the breakdown of his remuneration in euros and US dollars. Therefore, 25% of Geoffrey Godet's fixed and variable remuneration is paid in US dollars by the subsidiary Quadient Holding Inc. for his mandate within this company. This breakdown may be reviewed by the Board during the year, by mutual agreement with the CEO, to reflect the time and resources dedicated to each of these duties.

Finally, Geoffrey Godet has no employment contract within the Company or any other company within the Group.

Decisions regarding the remuneration of the Chief Executive Officer are the responsibility of the Board of Directors and are based on proposals from the Appointments and Remuneration Committee.

The remuneration of the Chief Executive Officer breaks down as follows:

1° Remuneration as a director

The Chief Executive Officer should receive a maximum of 30,000 euros in 2021 on an annual basis in respect of his corporate office as director of Quadient. This amount is unchanged compared to the previous year.

This item of remuneration accounts for 1% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer.

2° Annual fixed remuneration

Annual fixed remuneration is set by the Board of Directors on the Appointments and Remuneration Committee's recommendation in accordance with the Afep-Medef code's principles. The fixed remuneration of the Chief Executive Officer has thus been established in relation to the scope of the position and to practices observed in French and international groups where activities, revenues, market capitalization, number of employees and challenges are similar to those of Quadient's.

For 2021, as each year, the Appointments and Remuneration committee uses studies produced by the external consulting firm Willis Towers Watson to draw remuneration benchmarks for all of the management team positions. As regards the Chief Executive Officer's remuneration, the Committee refers to a panel comprising about 12 companies and, with the assistance of the aforementioned consulting firm, verifies the Chief Executive Officer remuneration's position.

For 2021, his annual fixed remuneration would be the following:

- gross annual fixed remuneration for his duties as Chief Executive Officer of the Company of 455,212.50 euros, paid in France;
- gross annual fixed remuneration of 175,000 US dollars for his duties as Director of the subsidiary Quadient Holding Inc., paid in the United States.

This fixed remuneration appears to be in line with the practice of the chosen panel, both as regards structure and amount.

The breakdown of the gross annual fixed remuneration between the various duties of Chief Executive Officer of the Company and Director of the subsidiary Quadient Holding Inc., may be reviewed by the Board of Directors during the year, by mutual agreement, with the Chief Executive Officer, to reflect the time and resources dedicated to each of these duties.

This item of remuneration accounts for 28% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer.

3° Annual variable remuneration

The Chief Executive Officer's annual variable remuneration depends on the progress made by the Group and his individual performance. By way of illustration, for 2021, the variable part of the Chief Executive Officer's remuneration would represent 100% of the fixed part if quantitative and qualitative targets are met. It could rise up to 150% if targets are exceeded. This variable part of the remuneration would be divided in the same proportions as the fixed remuneration between the Company and Quadient Holding Inc.

The variable remuneration depends on the Group's results as well as his individual performance. is based on financial criteria for 80% of the target bonus, supplemented by specific qualitative individual performance objectives for 20%.

The financial criteria used for the Group's variable compensation for 2021 are as follows:

- organic revenue growth rate: this criteria was selected to demonstrate the recovery in growth as part of the "Back to Growth" strategy;
- current operating profit (excluding innovation expense and assuming a constant scope): the measure of current operating income was chosen to ensure that profitable and sustainable growth is maintained over time;
- free Cash Flow: this constitutes the main marker of value creation over time, and therefore a fundamental indicator for shareholders.

Criteria	Weight	Threshold (0.0%)	Target (100%)	Maximum (150%)
Organic growth[(a)]	40%	995.8	1,037.3	1,058.0
Current operating profit[(b)]	40%	143.2	152.3	158.4
Free Cash Flow[(c)]	20%	73.6	81.8	98.2

(a) At constant 2020 exchange rates and scope.
(b) Before acquisition-related expenses, excluding innovation expense and at constant scope.
(c) Cash flow after capital expenditure.

The qualitative component is based on achieving formalized individual objectives.

For 2021, the qualitative objectives of Geoffrey Godet are as follows:

- 20%: Intelligent Communication Automation:
  - continue strong revenue growth of software solutions,
  - strengthen profitability of software once transition to subscription is completed;
- 20%: Mail-Related Solutions:
  - monetize the installed base by renewing the line of products and growing market share,
  - focus on core geographies of MRS activity,
  - preserve/limit profit erosion of MRS revenues,
  - grow cross-selling of MRS with Software and Parcel Locker Solutions;
- 20% Parcel Locker Solutions:
  - accelerate geographies and verticals scale,
  - grow profitability through scaling and monetization;
- 10% efficient and interactive collaboration with the Board, active participation to the Board's evolution.
- 10% executive committee and senior leaders competences evolution to support Quadient's strategy implementation.
- 10% progress in gender diversity and equality strategy implementation, cultural change (values, leadership) and processes digitization.
- 10% financial community management.

It is however precised that, notwithstanding the achievement of said objectives, no variable remuneration will be paid in cases of resignation or dismissal for gross negligence (as defined by French labor law), occuring prior to the date of payment.

This item of remuneration, at target, accounts for 28% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer.

4° Long term incentives

The long-term component of Geoffrey Godet's remuneration comprises a performance share allocation plan opens to a range of beneficiaries within the Group, following a decision of the Board of Directors taken upon the Appointments and Remuneration Committee's recommendation.

The allocations awarded to the Chief Executive Officer are capped at 150% of the fixed annual remuneration. Performance share being valued in accordance with IFRS strandards for this purpose.

This item of remuneration accounts for 43% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer if the maximum of 150% of the fixed annual remuneration would be granted.

PERFORMANCE SHARES

The allocations awarded to the Chief Executive Officer are capped at 10% of the total number of free shares allocated annually, which represents a maximum of 0.12% of the share capital of Quadient.

The vesting of free shares is subject to the existence of a corporate appointment or employment contract within the Quadient Group. Accordingly, no delivery can take place after the termination of any corporate office or employment contract, except in case of death, disability or retirement. Additionally, the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee and in accordance with the regulations governing free share plans, may decide to grant to the Chief Executive Officer post-mandate vesting on a pro-rata basis for time and performance.

The final acquisition of the allocated free shares is subject to a condition of presence and the following performance criteria will be assessed by the Board of Directors at the end of a period of three years following the date allocation.

As explained in the letter from the Chairman of the Remuneration and Appointements Committee, The Board of Directors decided to update the performance criteria attached to the 2021 action plan in order to answer to the business transformation challenges and to be competitive in terms of attraction and retention of Quadient's talent, particularly in North-America. In addition, on the recommendation of some of our shareholders, the ROCE has been introduced.

Criteria	Weight	Threshold (0%)	Maximum (100%)
Return on capital employed	20%	6.5%	8.2%
Relative total shareholder return *vs.* SBF120 between N and N+3[(a)]	40%	33th percentile	75th percentile
Organic sales growth[(b)]	40%	3.0%	5.4%
Maximum number of shares that can be granted to the Chief Executive Officer	Total	0	40,000

(a) The annualized ratio (expressed as a percentage) of the amount, calculated as the aggregate of the closing Quadient share price on the acquisition date, less the opening Quadient share price on the attribution date, plus any dividends paid during the period concerned, divided by the opening Quadient share price on the attribution date and compared to the average Total Shareholder Return ratio, (calculated in the same manner) of the SBF 120 index companies.

(b) Based on the average performance of 2021, 2022 and 2023 (at constant exchange rates and scope).

It is hereby specified that 50% of the amount of free shares definitively acquired by Geoffrey Godet cannot be sold before the end of his corporate offices. This will be the case until he holds a quantity of 50,000 definitively acquired free shares, which he shall then be bound to keep until the termination of said corporate offices.

Geoffrey Godet has undertaken not to hedge his risk with respect to the performance shares awarded by using hedging instruments throughout his term of office, in accordance with the recommendations of the Afep-Medef code.

5°Commitments set forth in the fourth paragraph of article L.22-10-9

SUPPLEMENTAL PENSION SCHEME

The Chief Executive Officer benefits from the same supplemental pension scheme as the employees of Quadient S.A.

The Chief Executive Officer's supplemental pension scheme comprises a defined-contribution scheme (article 83 of the French general tax code) into which is paid a total of 5% of his remuneration, capped at five times the Social Security ceiling.

In order to qualify for this payment, the Chief Executive Officer must liquidate his pension entitlements related to both the French Social Security pension scheme and supplemental schemes.

Furthermore, the Chief Executive Officer is also eligible to receive an additional annual cash payment equal to 15% of his total annual remuneration in the year in question (fixed and variable assuming objectives are achieved at 100%), so as to enable him to constitute his own supplemental pension directly, year after year. These payments are subject to performance objectives that are the same as those relating to his annual variable remuneration. The percentage achievement relating to the Chief Executive Officer's annual variable remuneration would therefore apply to these payments but would be capped at 100% of the objectives achieved.

REMUNERATION FOR TERMINATION OF DUTIES

In accordance with recommendation 25.5 of the Afep-Medef code, in the event of (i) dismissal (other than for gross negligence or serious misconduct as defined by French labour laws) or (ii) forced departure (*e.g.* resignation within twelve months following (a) a change of control of the Company, (b) a major and imposed change in the Chief Executive Officer's duties approved by the Company's corporate bodies, or (c) a significant change of Quadient's strategy duly approved by the Company's corporate bodies and resulting in a reorientation of the Company's business), the Chief Executive Officer would receive remuneration for termination of duties, the gross amount of which would depend on the extent of the achievement of annual performance objectives.

In accordance with current market practices, particularly within SBF 120 companies, remuneration for termination of duties of the Chief Executive Officer would apply from 1 February 2020 until the General Meeting called to vote on the financial statements for the financial year that will end on 31 January 2022.

The conditions of this indemnity, for each financial year within this period, would be the following: in the event of a qualifying termination, the gross amount of this indemnity would amount to 18 months of remuneration based on his target annual variable remuneration (calculated for objectives achieved at 100%), if the average variable remuneration received during the last three financial years corresponds to at least 50% of his theoretical annual variable remuneration (assuming objectives are achieved at 100%), and this, as confirmed by the Board of Directors in respect of the criteria set. Financial years in which no variable remuneration is provided for in the Chief Executive Officer's remuneration policy would be neutralized for the purposes of this calculation.

Throughout this period, this remuneration is subject to the approval of the General Meeting, in accordance with applicable legal rules. This commitment would continue under these terms and conditions, subject to the approval of the General Meeting.

The Board of Directors is in favor of this change and support the increase of the number of months as:

- it would put in line Quadient's Chief Executive Officer indemnity with the market;
- there has been no substantial change in the last 3 years on the Chief Executive Officer's compensation;
- in regards to the worldwide economical context and the sanitary crisis, it is reasonable to improve the financial conditions in case of termination.

6° Benefits in kind

The Chief Executive Officer benefits from the current life and disability insurance and supplemental health insurance schemes, unemployment insurance for company directors, a company car, assistance with filing his annual French and United States tax declarations and reimbursement of reasonable business expenses incurred in the course of performing his duties, on presentation of appropriate receipts, in accordance with the Company's policy.

The Chief Executive Officer does not receive any other remuneration for his corporate appointment. He does not therefore receive any multi-annual variable or exceptional remuneration nor any allocation of share subscription or purchase options. The Chief Executive Officer has not signed a non-compete clause, but must give a notice period of six months in the event of resignation.

These remuneration items will be the subject of a resolution submitted by the Board of Directors to the General Meeting. The resolution will be worded as follows: "Having considered the report on corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for determining, distributing and attributing,the fixed, variable and exceptional (including performance shares) components of the total remuneration, the commitments set forth in the fourth subparagraph of article L.22-10-9 of the French Commercial Code and benefits of all kinds detailed in the aforementionned report and payable to the Chief Executive Officer in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French Commercial Code. This information is provided in section 2.4.6.2 "The Chief Executive Officer – Remuneration 2021" of the 2020 universal registration document 2019."

2.5 Related-party agreements

In accordance with article L.22-10-12 of the French commercial code, the Board of Directors carries out, when necessary, the assessment of agreements entered into under normal terms and conditions to ensure that they continue to meet these conditions.

The Board of Directors is informed of any draft agreement likely to constitute a related party agreement or a so-called free agreement and of its evaluation by the competent management, for qualification purposes. When a member of the Board of Directors has a direct or indirect interest in the agreement, he or she does not take part in its evaluation.

At least once a year, and regularly, an item on the agenda of the Board of Directors shall be dedicated to the application of this process.

2.6 Summary table of the Extraordinary General Meeting delegations to the Board of Directors

The General Shareholder Meeting of Quadient held on July 6, 2020 approved the following resolutions, giving the Board of Directors powers to:

- issue ordinary shares and securities giving access to the Company's share capital, with the maintenance of the shareholders' preferential subscription rights, for a period of 26 months;
- issue ordinary shares, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French Monetary and Financial Code), for a period of 26 months;
- issue ordinary shares, with the removal of the preferential subscription rights through an offer referred to in 1, article L.411-2 of the French Monetary and Financial Code, for a period of 26 months;
- issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French Monetary and Financial Code), for a period of 26 months;
- issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through an offer referred to in 1 of article L.411-2 of the French Monetary and Financial Code, for a period of 26 months;
- increase the amount of shares issued in the event of oversubscription to ordinary shares or securities giving access to the Company's share capital, for a period of 26 months;
- increase share capital by incorporation of reserves, profits or premiums, for a period of 26 months;
- increase the share capital by issuing new ordinary shares and securities giving access to the Company's share capital in return for contributions in kind within a limit of 10% of the share capital, for a period of 26 months;
- issue ordinary shares and securities giving access to the Company's share capital, in the event of a public exchange offer initiated by the Company, for a period of 26 months, for a period of 26 months;
- to proceed with share capital increases and sales of shares reserved to members of a company or Group savings plan in application of article L.3332-1 and subsequent sections of the French labour code, for a period of 26 months;
- proceed with share capital increases reserved to employees and corporate officers of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution, and for all financial institutions or companies created specifically and exclusively to implement an employee savings scheme for employees (or former employees) of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution, for a period of 18 months;
- proceed with allocation of existing performance shares or performance shares to be issued with the removal of the shareholders' preferential subscription rights, for a period of 14 months;
- cancel shares acquired pursuant to the Company's share buyback program, for a period of 18 months.

Only the authorization relating to allocations of free existing shares or shares to be issued was used during the financial year 2020. The full wording of these authorizations is available on request from Quadient head office. The General Shareholder Meeting of Quadient called on 1 July 2021 to vote on the financial statements for the financial year that ended on 31 January 2021 will be asked to renew these authorizations on similar terms.

2.7 Information that could have an impact in the event of a takeover bid or exchange offer

In accordance with the provisions of article L.22-10-11 of the French commercial code, the factors that could have an impact on a takeover bid are the following:

- the Company's capital structure as described in section 7 of the universal registration document;
- direct or indirect investments in the Company's capital known to the Company pursuant to articles L.233-7 and L.233-12 of the French commercial code, as described in section 3 of the universal registration document;
- the rules applicable to the appointment and replacement of members of the Board of Directors and amendments to the Company's articles of association, which are decided by General Meetings;
- the Board of Directors' powers as delegated by the General Shareholder Meeting, particularly those relating to the issue or buy-back of shares, as described in section 2.7 of the universal registration document.

To the best of the Company's knowledge, there are no agreements between shareholders that could lead to restrictions in the transfer of shares and the exercise of voting rights.

2.8 Practical information for attending the General Meeting

Pursuant to applicable law, the particular modalities relating to the participation of shareholders in the General Meeting are set out in the Articles of Association, available on the Company's website. The notice of meeting including the draft agenda and proposed resolutions will be published in the Bulletin des annonces légales obligatoires (BALO) and on the Company's website.

In the context of the Covid-19 epidemic and in order to reflect the measures taken by the authorities to curb its spread as well as the health safety recommendations, the Chairman and Chief Executive Officer of the Company, upon delegation of the Board of Directors, has decided that the General Meeting will exceptionally be held "behind closed doors", without the shareholders and other persons entitled to attend being physically present, at the registered office of the Company, in accordance with the provisions of Ordinance no. 20-20-321 of March 25, 2020 as amended and extended.

2.9 Statutory Auditors' report on related party agreements

Annual General Meeting held to approve the financial statements for the financial year ended January 31, 2021.

To the Annual General Meeting of QUADIENT S.A..

In our capacity Statutory Auditors of your Company, we hereby present to you our report on related party agreements.

On the basis of information made available to us, we are responsible for communicating to you the characteristics and essential terms of, and the grounds supporting the company's interest in, the agreements of which we have been informed of or that we discovered during our assignment, without having to express our own opinion on their utility or appropriateness or being required to seek whether other agreements and commitments exist. Pursuant to Article R.225-31 of the French Commercial Code *(Code de commerce)*, you are responsible for assessing the interest in entering into these agreements and commitments in view of their approval.

In addition, we are responsible for communicating to you the information contemplated by Article R.225-31 of the French Commercial Code *(Code de commerce)* relating to the performance over the period under review of the agreements already approved by the Annual General Meeting.

We carried out the procedures which we deemed necessary in compliance with the professional standards of the French Institute of Statutory Auditors *(Compagnie nationale des Commissaires aux comptes)* relating to this type of engagement.

1. AGREEMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements authorized during the year ended January 31, 2021 to be submitted to the Annual General Meeting for approval in accordance with Article L.225-38 of the French Commercial Code *(Code de commerce)*.

2. AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting and the performance of which may have continued during the year ended January 31, 2021.

Paris and Paris-La Défense, on May 11, 2021

The statutory auditors

French original signed by

FINEXSI AUDIT	ERNST & YOUNG et Autres
Lucas ROBIN	May KASSIS-MORIN

3

MANAGEMENT REPORT

3.1 Review of Quadient's financial position and results in 2020

For the full-year 2020, consolidated sales amounted to 1,029.4 million euros, down 9.9% compared to the full-year 2019. Organic change was -7.3%[1], Recurring revenue (71% of Group's total sales) recorded a limited organic decrease of 3.9% in 2020 compared to 2019, mitigating the 14.5% organic decline experienced in hardware and license sales.

Current operating income[2] amounted to 151.6 million euros compared to 185.1 million euros in 2019. It included a EUR 6.5 million earn-out reversal related to Parcel Pending acquisition.

Current operating margin[2] stood at 14.7% of sales compared to 16.2% in 2019.

Net attributable income amounted to 40.4 million euros compared to 14.1 million euros in 2019.

The net margin[3] stood at 3.9% of sales compared to 1.2% in 2019.

Cash flow after capital expenditure amounted to 166.6 million euros compared to 85.8 million euros in 2019.

3.1.1 HIGHLIGHTS

Quadient continues reshaping business portfolio with divestment from graphics activities in Australia and New Zealand

On 21 January 2021, Quadient announced the divestment of its graphics activities in Australia and New Zealand to Smartech Business Systems Australia Pty, a technology solutions provider and a long-term partner working with Quadient in the Asia-Pacific region.

As part of the transaction, Smartech Business Systems Australia Pty will become the distributor of Quadient's Mail Related Solutions in Australia and New Zealand and will continue to serve Quadient's more than 19,000 customers in the region.

The transaction was closed on 20 January 2021 and the total selling price amounts to AUD $6 million, including AUD $4 million paid at closing and AUD $2 million deferred payments.

Quadient awarded gold medal by EcoVadis for its commitment to corporate social responsibility

On 14 January 2021, Quadient announced its commitment to corporate social responsibility (CSR) and sustainability has been recognized by global rating agencies EcoVadis[4] and CDP[5] (formerly Carbon Disclosure Project). Quadient reached the EcoVadis Gold status and is in the top 1% of companies in its industry category. This marks the third consecutive year EcoVadis has recognized Quadient with the Gold certification.

Quadient's commitment toward sustainable environmental practices was also confirmed by achieving a "B" score with CDP, for the third year in a row. CDP uses a detailed and independent methodology to assess companies, allocating a score from A to D based on the comprehensiveness of disclosure, awareness and management of environmental risks, and demonstration of best practices associated with environmental leadership. By achieving a "B" rating, Quadient ranks higher than the global and industry average of its peers.

The retail giant Frasers Group invests in Quadient's high-speed automated packaging technology

On 19 November 2020, Quadient announced that it is to supply retail giant, Frasers Group, with its latest CVP Everest fit-to-size automated packaging system – capable of tailor-making 1,100 right-size eCommerce packages per hour. Frasers Group will use Quadient's most advanced automated packaging system to build exact-sized packages for individual eCommerce orders, single or multiple items, across its premium brands.

(1) FY 2020 sales are compared to FY 2019 sales, from which is deducted revenue from ProShip and the graphics activities in Australia and New Zealand and to which is added revenue from YayPay, for a consolidated amount of 13 million euros, and are restated after a 18 million euros negative currency impact over the period.

(2) Excluding acquisition-related expenses.

(3) Net margin = net attributable income/total sales.

(4) Learn more at: www.ecovadis.com.

(5) Learn more at: www.cdp.net.

Knoxville Utilities Board improves customer experience by using Quadient Inspire to redesign monthly bill

On 3 November 2020, Quadient announced that the Knoxville Utilities Board (KUB) is using Quadient® Inspire for a complete redesign of its monthly utility bill to make it clearer and easier to understand for an improved customer experience. KUB is the largest provider of gas, electric, water and wastewater services for Knox County, Tennessee and seven adjacent counties. Although the organization operates in a non-competitive environment, KUB has a strong commitment and tradition of serving its 468,000 customers in the most efficient and effective ways possible.

Quadient obtains ISS ESG's "Prime" recognition for its commitment to corporate social responsibility

On 29 October 2020, Quadient announced that it has once again achieved Prime status by ISS ESG in recognition of its activities related to various environmental, social and corporate governance indicators. This status is given to companies with an ESG performance above the sector-specific prime threshold. Quadient's 2020 results reflect its commitment and continuous efforts to Corporate Social Responsibility (CSR).

Quadient expands Impress platform with new cloud-based document delivery solution Quadient® Impress Distribute

On 26 October 2020, Quadient announced the launch of Quadient® Impress Distribute, a new cloud-based document delivery solution removing the distraction and laborious task of preparing and sending outbound communications. Impress Distribute allows users to send mail from their desktops –on-site or remotely– and enables employees to focus instead on higher-value, core tasks, optimizing the flow of business. Quadient Impress Distribute is now available in the US, UK and the Netherlands. The scalability and reliability of Quadient Impress platform is a result of the same centralized research and development software team who created the award-winning Quadient Inspire platform within Customer Experience Management.

Quadient places third in annual ranking of top 250 French software horizontal publishers

On 20 October 2020, Quadient announced that it has placed third in the annual ranking of French software publishers and developers in the Horizontal French Publishers' Category, according to the Top 250 Panorama published by software industry associations Syntec Numérique and Tech'In France and consultancy firm EY. Quadient achieved the 12th position in the overall ranking. The Top 250 Panorama lists French software publishers and developers according to their sales in software publishing. Overall, 326 companies took part to the ranking this year.

Quadient's innovation recognized by 2020 Parcel and Postal Technology International Awards

On 15 October 2020, Quadient announced that CVP Everest automated packaging system has been selected as the "Sorting and Fulfilment Technology of the Year" by the 2020 Parcel and Postal Technology International (PPTI) Awards.

Major contract in the US retail sector with Lowe's

In September 2020, Quadient announced it signed with Lowe's, an US-based retail chain specializing in home improvement, a major contract for the deployment of Parcel Lockers Solutions in the US retail sector. The nationwide roll out of more than 1,700 self-service parcel lockers is planned. Lowe's ranks amongst the top 10 US retailers with more than 2,200 stores.

Repayment of all borrowings contracted under US private placements for a total of USD 115 million

On 4 September 2020, Quadient proceeded to the repayment of all borrowings contracted under US private placements, for a total amount of 115 million US dollar. On top of the mandatory repayment of 30 million US dollar scheduled for September 2020, Quadient decided the early repayment of 85 million US dollar of debt, maturing in 2021 (35 million US dollar) and 2022 (50 million US dollar). This operation is in the straight continuation of the Group's policy aiming at managing its balance sheet in a dynamic way and at optimizing its financing resources. The impact on the Group's cost of net debt will be slightly positive over the remaining term of the early-repaid borrowings.

Acquisition of leading FinTech company YayPay™, specialized in Accounts Receivable automation

On 29 July 2020, Quadient announced the acquisition of YayPay, a best-in-class and rapidly growing company at the forefront of SaaS accounts receivable (AR) automation solutions. Founded in 2015, YayPay provides a combination of automated invoice delivery paired with collections management, credit assessment, payment and cash application solutions, delivering a comprehensive cloud-based platform to more than 3,000 users globally. YayPay's solution also combines real-time reporting with artificial intelligence to provide companies insight into future payer behaviour and how it impacts their cash flow, helping them reduce write-offs and Days Sales Outstanding (DSOs). The acquisition of YayPay will expand Quadient's Business Process Automation offer, notably complementing its cloud-based platform Quadient® Impress™, a multi-channel document automation platform for small and medium businesses. YayPay is based in New York and has a team of nearly 60 people.

Quadient owns c.87% in the parent company of YayPay. The purchase price, excluding transaction-related costs, amounted to more than EUR 17 million.

Global partnership with Infosys to enhance delivery of Customer Experience Management solutions

On 23 July 2020, Quadient announced that Infosys has become a Platinum Business Partner in Quadient's Partner Advantage Program.

Infosys is a global provider of next-generation digital services and consulting. Under the partnership, it aims to leverage and supply Quadient solutions to provide businesses with the leading omnichannel Customer Communication Management (CCM) platform and the capability to meet complex communication needs, while being aligned to their customer experience strategy. Additionally, Infosys and Quadient will jointly develop innovative solutions in the Customer Experience Management (CXM) space, making demonstrations available at Infosys technology and innovation hubs.

Introduction of iX-Series mailing systems to US market

On 30 June 2020, Quadient announced the launch of the iX-Series Mailing Systems and SMART Mail Center software in the US, designed to meet the needs of small, medium and large businesses across a variety of industry verticals. The new series brings customers additional features and technology updates while meeting the latest requirements of the US Postal Service. This development initiative is part of Quadient objective to extend its leadership in the mail industry in the US, as outlined in the frame of its "Back to Growth" strategy.

Further expansion of Quadient Parcel Locker Solution offering and activity

Combining the expertise of recently acquired US-based Parcel Pending with its long-standing global leadership in Parcel Locker Solutions for carriers, retailers, commercial buildings or universities, Quadient has adopted the "Parcel Pending by Quadient" brand across its entire parcel locker portfolio in North-America and Europe since June 2020.

On 22 June 2020, Quadient announced the simultaneous launch in France, Japan, the UK and the US of Parcel Locker Lite™, a new series of compact and modular parcel lockers, designed to facilitate the roll-out and accelerate the adoption of Parcel Locker Solutions at an affordable cost by customers with smaller floor areas and lower volumes of parcels.

In Japan, Quadient signed in Q1 2020 a new contract with Yamato concerning the installation of 3,000 Parcel Locker Lite units for its pick-up and drop-off sites that include convenience stores, train stations, supermarkets and drugstores. Rollout has started last summer and will continue through 2023.

On 16 July 2020, Quadient announced the launch of Parcel Pending by Quadient for multi-tenant residential buildings across the UK. The customizable parcel locker systems provide seamless management of incoming packages through an automated parcel process, securing delivery, storage and pick-up, enhancing resident satisfaction and improving operational efficiency.

Successful launch of cloud-based Platform Quadient® Impress™ for small- and medium-size businesses

On 16 June 2020, Quadient announced the general availability of Quadient® Impress™, a user-friendly outbound document automation platform that automates the customer communication workflow for small and medium businesses (SMBs). The comprehensive cloud-based platform provides the flexibility to prepare and send single or batch transactional documents to customers through any combination of channels—print, digital or outsourced.

Quadient Impress is a major milestone in the consolidation and streamlining of the Company's Business Process Automation solutions into a single software platform integrating four suites of applications (Automate, Portal, Dispatch, and Outsourced Hybrid Mail). The Impress software RD development benefited from strong RD synergies from its flagship Inspire (CXM) platform. More than 140 new customers have been acquired since the launch.

Divestment of ProShip

In February 2020, Quadient announced the sale of its subsidiary, ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc., a company listed in Toronto. The transaction was closed on 28 February 2020 and the selling price totalled 15.0 million US dollar.

Continued active debt management in February 2020

In February 2020, Quadient bought back an additional 15.0 million euros of its 2.50% bond maturing in June 2021. Following this buy back, the outstanding amount of the bond is 163.2 million euros.

In February 2020, to the request of some investors, Quadient offered its debt holders in the German law private debt *Schuldschein*, the opportunity to extend the maturity of their existing investment maturing 21 February 2020. As a result of this transaction, Quadient paid back 17.0 million euros and USD 30.0 million and issued a new *Schuldschein* for USD 3.0 million with a four year-long maturity and USD 10.0 million and 30.5 million euros both with a five year-long maturity.

3.1.2 INCOME STATEMENT

(In millions euros)	31 January 2021		31 January 2020	
Sales	**1,029.4**	**100.0%**	**1,142.7**	**100.0%**
Cost of sales	(285.7)	(27.8)%	(302.1)	(26.4)%
Gross margin	**743.7**	**72.2%**	**840.6**	**73.6%**
R&D expenses	(54.9)	(5.3)%	(53.2)	(4.7)%
Selling expenses	(252.2)	(24.5)%	(283.3)	(24.8)%
Administrative expenses	(194.4)	(18.9)%	(214.9)	(18.8)%
Maintenance & other operating expenses	(91.5)	(8.9)%	(103.5)	(9.1)%
Employee profit-sharing and share-based payments	0.9	0.1%	(0.6)	(0.1)%
Current operating income excluding expenses related to acquisitions	**151.6**	**14.7%**	**185.1**	**16.2%**
Expenses related to acquisitions	(19.5)	(1.9)%	(15.5)	(1.4)%
Current operating income	**132.1**	**12.8%**	**169.6**	**14.8%**
Structure optimization expense and other operating expenses	(36.2)	(3.5)%	(92.6)	(8.1)%
Operating income	**95.9**	**9.3%**	**77.0**	**6.7%**
Financial income/(expenses)	(31.6)	(3.1)%	(41.1)	(3.6)%
Income before taxes	**64.3**	**6.2%**	**35.9**	**3.1%**
Income taxes	(23.8)	(2.3)%	(21.4)	(1.9)%
Income from associated companies	0.9	0.1%	0.8	0.1%
NET INCOME	**41.4**	**4.0%**	**15.3**	**1.3%**
Attributable to:				
• holders of the parent company	40.4	3.9%	14.1	1.2%
• non-controlling interests	1.0	0.1%	1.2	0.1%

3.1.3 CHANGE IN SALES BY ACTIVITY AND GEOGRAPHY

(In million euros)	2020	2019	Change	Change at constant exchange rate	Organic change[(a)]
Major Operations	**919.3**	**994.1**	**(7.5)%**	**(5.8)%**	**(5.9)%**
Customer Experience Management	125.7	140.1	(10.3)%	(8.5)%	(8.5)%
Business Process Automation	68.8	63.2	8.8%	10.1%	9.0%
Parcel Locker Solutions	83.4	62.5	33.4%	36.1%	36.1%
Mail-Related Solutions	641.4	728.3	(11.9)%	(10.3)%	(10.3)%
Additional Operations	**110.1**	**148.6**	**(26.0)%**	**(25.0)%**	**(17.6)%**
GROUP TOTAL	**1,029.4**	**1,142.7**	**(9.9)%**	**(8.3)%**	**(7.3)%**

(a) FY 2020 sales are compared to FY 2019 sales, from which is deducted revenue from ProShip and the graphics activities in Australia and New Zealand and to which is added revenue from YayPay, for a consolidated amount of 13 million euros, and are restated after a 18 million euros negative currency impact over the period.

(In millions euros)	2020	2019	Change	Change at constant exchange rate	Organic change[(a)]
Major Operations	**919.3**	**994.1**	**(7.5)%**	**(5.8)%**	**(5.9)%**
North America	501.3	523.6	(4.3)%	(1.4)%	(1.5)%
Main European Countries[(b)]	367.2	420.6	(12.7)%	(12.5)%	(12.5)%
International[(c)]	50.8	49.9	2.1%	4.7%	4.7%
Additional Operations	**110.1**	**148.6**	**(26.0)%**	**(25.0)%**	**(17.6)%**
GROUP TOTAL	**1,029.4**	**1,142.7**	**(9.9)%**	**(8.3)%**	**(7.3)%**

(a) *FY 2020 sales are compared to FY 2019 sales, from which is deducted revenue from ProShip and the graphics activities in Australia and New Zealand and to which is added revenue from YayPay, for a consolidated amount of 13 million euros, and are restated after a 18 million euros negative currency impact over the period.*

(b) *Including Germany, Austria, Belgium, the Netherlands, Luxembourg, France, Ireland, Italy, the United Kingdom and Switzerland.*

(c) *International includes the activities of Parcel Locker Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries. The breakdown of FY 2019 revenue by segment and activity has been restated accordingly.*

3.1.4 MAJOR OPERATIONS

Revenue from Major Operations stood at 919.3 million euros (89% of total sales) in 2020, down 5.9% on an organic basis compared to 2019. The resilience of recurring revenue, down by only 3.0% organically *vs.* 2019, including strong growth in Parcel Locker Solutions and Business Process Automation activities, helped to mitigate the decline in mail-related hardware equipment sales as well as in new software license sales.

Sales in **North America** recorded a slight organic decrease (-1.5%) in 2020, thanks to a low single-digit organic growth posted in the second half, due to the performance of Quadient's three growth engines (Customer Experience Management, Business Process Automation and Parcel Locker Solutions) and improved business trend in Mail-Related Solutions.

Main European countries posted a sharper organic sales decline (-12.5%) in 2020. However, sales, which were strongly impacted during the first half of the year due to stringent lockdowns, improved during the second half, especially in the France/Benelux region.

The **International** segment delivered a solid organic sales growth (+4.7%) in 2020, driven by a strong increase in revenue from Parcel Locker Solutions.

Customer Experience Management

Customer Experience Management sales stood at 125.7 million euros in 2020, down 8.5% organically compared to 2019.

License sales were affected by a high comparable base in 2019, especially in the second and fourth quarters. Moreover, in the social-distancing context, go-to-market was more difficult with large accounts, which weighed on new customer acquisitions. Quadient however continued to expand its client base with the gain of 60 new clients in 2020, including large deals in Q4 2020. Answering customer demand, the progressive shift from on-premise licenses to SaaS-based subscription model impacted license sales while reinforcing the Group's recurring revenue model going forward.

Recurring revenue (74% of Customer Experience Management sales) showed a very good resilience during the year, with notably a high-single digit growth in subscription-related revenue that benefited from continuous strong growth in SaaS subscription sales and increased maintenance revenue. This performance was offset by the decline in revenue from professional services, still impacted by social distancing measures and lower new placements.

The performance was contrasted across regions, with revenue growth in North America, reflecting good business momentum throughout the year. Conversely, sales in main European countries were affected by more severe social distancing measures leading to delayed customers' investment decisions. International sales were also down due to a very high comparison base in 2019 (above 40% organic growth in 2019 compared to 2018).

Business Process Automation

Business Process Automation sales stood at 68.8 million euros in 2020, up 9.0% organically compared to 2019. This increase reflected the strong growth in SaaS revenue thanks to increased level of SaaS subscriptions recorded in the previous quarters as well as a significant increase in revenue related to volume-base usage of Business Process Automation's platforms, leading to a growth of c. 20% in subscription-related revenue in 2020.

Customer acquisitions under the SaaS subscription model continued to accelerate throughout the year and across all regions, fueled by marketing campaigns, a strong appeal for automation solutions in the context of the health crisis and resumed global traction from bundled offers with Mail-Related Solutions over the world.

License sales represent an increasingly small portion of Business Process Automation revenue due to the ongoing shift to SaaS-mode solutions, particularly in North America and France.

YayPay recorded a very promising first contribution, delivering a triple-digit organic sales growth since the acquisition at the end of July 2020, including early traction of cross-selling through the Mail-Related Solutions channel.

Parcel Locker Solutions

Parcel Locker Solutions sales stood at 83.4 million euros in 2020, strongly up by 36.1% organically compared to 2019, thanks to very strong growth in both recurring and non-recurring revenue.

Subscription-related revenue posted double digit-growth thanks to a strong increase in revenue associated with maintenance and consumption/usage activity (*e.g.* resident fees, storage fees) as well as the strength of rental-based revenue, despite a slowdown in new installations in Japan compared to 2019. The activity also recorded the early start of the rollout of new compact lockers as part of the contract with Yamato.

Hardware sales experiencied a dynamic growth in the second half of the year, particularly in the fourth quarter, fueled by the rollout of c. 80% of the large purchased-model contract with US retail chain Lowe's, which more than offset the slowdown in multifamily and corportate verticals due to the health crisis.

Mail-Related Solutions

Mail-Related Solutions sales stood at 641.4 million euros in 2020, down 10.3% organically compared to 2019. The installed base and subscription-related revenue (74% of Mail-Related Solutions sales) proved their resilience, largely supported by multi-year contracts and consumption revenue that improved throughout the year as usage started to return, although at a level that remained below usual.

Placements of new hardware continued to recover in the second half of the year with new customer acquisition and all three segments (small, medium and large accounts) improving even if high-end products were still lagging behind. Furthermore, backlog remained high at the end of 2020.

The decline continued to be less pronounced in North America than in the Main European Countries. Business trends improved sequentially, from the low level achieved in the second quarter, across all regions, especially in North America and in the France/Benelux region.

3.1.5 ADDITIONAL OPERATIONS

Revenue from Additional Operations stood at 110.1 million euros (11% of total sales) in 2020, down 17.6% organically compared to 2019. This performance mainly reflected a drop in revenue from Graphics and Mail-Related Solutions in the Nordics and Australia, as well as weaker revenue related to the export business (*e.g.* OEM contracts with third-party Mail-Related Solutions distributors).

Quadient sold 17 CVP units under the Automated Packaging Systems business in 2020 (*vs.* 16 CVP units in 2019), of which 2 units of higher-end CVP products.

3.1.6 RESEARCH AND DEVELOPMENT EFFORT

Research and development expenses amounted to 54.9 million euros in 2020 compared to 53.2 million euros in 2019, respectively representing 5.3% and 4.7% of 2020 and 2019 sales. The expenses presented in the income statement do not reflect the whole effort as a part of the amount of R&D expenses is capitalized: 30.4 million euros in 2020 compared to 31.1 million euros in 2019. The main focus of research and development is on developing future offers in digital communications and parcel lockers. The Group continues to dedicate a part of its research and development effort to the future generations of franking machines and folders-inserters.

3.1.7 CURRENT OPERATING INCOME[1]

	2020			2019		
	Major Operations	Additional Operations	Total Group	Major Operations[(a)]	Additional Operations[(a)]	Total Group[(a)]
Revenue	919.3	110.1	**1,029.4**	994.1	148.6	**1,142.7**
Current operating income before acquisition-related expenses	152.7[(b)]	(1.1)	**151.6**[(b)]	188.3	(3.2)	**185.1**

(a) *Major Operations now includes the activities of Parcel Locker Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries which were previously accounted for in Additional Operations. The breakdown of FY 2019 revenue and current EBIT has been restated accordingly.*

(b) *Including Parcel Pending's earn-out reversal for an amount of 6.5 million euros. Excluding this earn-out reversal, the current operating incomes before acquisition-related expenses of Major Operations and of the Group respectively amount to 146.2 million euros and 145.1 million euros.*

Gross margin was 72.2% in 2020 compared to 73.6% in 2019, despite a significant volume effect, due to the built-in flexibility of the cost base, resulting from a high proportion of outsourcing in hardware manufacturing, and an unfavorable mix effect.

Innovation expenses concern the development of new projects related to the Customer Experience Management activity. Total innovation expenses amounted to 9.1 million euros in 2020 compared to 8.4 million euros in 2019.

Current operating income before acquisition-related expenses stood at 151.6 million euros in 2020 compared to 185.1 million euros in 2019, mainly reflecting the revenue decrease and an active cost management in both cost of sales and operating expenses. Indeed, continued tight cost optimization measures helped to generate c. 46 million euros of savings in operating expenses, before impact of bad debt, in 2020, while allowing the Group to maintain ongoing investment efforts to support the implementation of its strategic initiatives. Current operating income before acquisition-related expenses also includes a one-off earn-out reversal of 6.5 million euros related to Parcel Pending's acquisition.

Thanks to the initiatives undertaken to protect the profitability, **current operating margin before acquisition-related expenses** stood at 14.7% of sales in 2020 compared to 16.2% in 2019.

Acquisition-related expenses stood at 19.5 million euros in 2020 compared to 15.5 million euros in 2019, linked to the high level of M&A activity throughout the year notably including costs associated with the divestment of ProShip (bonus contingent to the closing of the transaction) and the acquisition of YayPay (non-recourse loans to the founders).

Current operating income stood at 132.1 million euros in 2020 compared to 169.6 million euros in 2019.

3.1.8 OPERATING INCOME

Optimization and other operating expenses stood at 36.2 million euros in 2020 including increased restructuring expenses related to cost optimization measures and the divestment of the graphics activities in Australia and New Zealand. It compares to 92.6 million euros in 2019, which included a 70.4 million euros impairment of almost 100% of non-strategic activities-related goodwill within Additional Operations.

Operating income stood at 95.9 million euros in 2020 compared to 77.0 million euros in 2019.

3.1.9 FINANCIAL INCOME

The **net cost of debt** stood at -32.7 million euros in 2020 compared to -38.5 million euros in 2019, benefiting from the 2019 and 2020 refinancing operations.

The Group recorded **currency gains and other financial items** of 1.0 million euros in 2020 compared to a 2.6 million euros loss related to currency and other financial items in 2019.

As a result, net financial result was a loss of -31.6 million euros in 2020 compared to a loss of -41.1 million euros in 2019.

(1) *Current operating income before acquisition-related expenses.*

3.1.10 NET INCOME

Income tax amounted to 23.8 million euros in 2020 compared to 21.4 million euros in 2019. The corporate tax rate stood at 36.5% in 2020 compared to 58.2% in 2019.

Net attributable income amounted to 40.4 million euros in 2020 compared to 14.1 million euros in 2019. Earnings per share stood at 0.92 euros in 2020 compared to 0.15 euros in 2019.

3.1.11 FINANCIAL POSITION

EBITDA[1] stood at 246.0 million euros in 2020 compared to 282.2 million euros in 2019, reflecting lower current operating income and broadly stable depreciation and amortization. **EBITDA margin** was 23.9% in 2020 compared to 24.7% in 2019.

The **change in working capital** generated a net cash inflow of 2.2 million euros in 2020 compared to a net cash outflow of 7.2 million euros in 2019. This mainly reflected higher level of receivables (due to back ended invoices added to slower collections) more than offset by the payables (due to the postponement of payments of some social taxes and VAT).

The Group recorded a decrease in its **lease receivables** (-62.0 million euros in 2020 compared to -25.1 million euros in 2019) due to lower placements of new equipment in the context of lockdowns.

The **leasing portfolio and other financing services** stood at 598.2 million euros as at 31 January 2021 compared to 698.4 million euros as at 31 January 2020, representing an organic decrease of 8.7% in 2020 compared to an organic decrease of 3.5% in 2019. At the end of the financial year 2020, the default rate of the leasing portfolio stood at around 1.7%.

Interest and taxes paid stood at -37.2 million euros in 2020 compared to -85.3 million euros in 2019, mainly due to the positive impact from 2019 and 2020 refinancing operations on interest expenses and reduced amount of tax paid resulting from the lower level of activity. As a reminder, interests and taxes paid recorded two non-recurring items in 2019: the bond liability management (8.7 million euros) and the resolution of tax litigation dated 2006-2008 (6.6 million euros).

Capital expenditure stood at 89.6 million euros in 2020 compared to 109.3 million euros in 2019. This reflected lower investments related to maintenance, in line with a decreased level of activity, and reduced investments related to rented equipment, both mail-related equipment and parcel lockers in Japan, the latter being mostly due to a high comparable base in 2019, lower level of placements in 2020 and lighter capex requirements linked to parcel locker LITE products.

In total, the Group recorded **cash flow after capital expenditure** of 166.6 million euros in 2020 compared to 85.8 million euros in 2019.

Net debt was reduced by 156.1 million euros to 512.4 million euros as at 31 January 2021 from 668.5 million euros as at 31 January 2020. The leverage ratio (net debt/EBITDA) improved at 2.1x[2] as at 31 January 2021 compared to 2.4[1] as at 31 January 2020. The Group's net debt is backed by future cash flows generated from its rental and leasing activities.

Excluding leasing, the leverage ratio remained low at 0.4x[1] as at 31 January 2021 compared to 0.9x[1] as at 31 January 2020.

Shareholders' equity stood at 1,240.3 million euros as at 31 January 2021 compared to 1,248.6 million euros as at 31 January 2020. The gearing ratio[3] decreased to 41% of shareholders' equity as at 31 January 2021 compared to 54% as at 31 January 2020.

The Group has a robust liquidity position of 913.7 million euros as at 31 January 2021, including 513.7 million euros in cash and 400.0 million euros of undrawn credit line, the latter maturing in 2024.

(1) EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.
(2) Including IFRS 16.
(3) Net debt/equity.

3.1.12 DIVIDEND

As part of its "Back to Growth" strategy, Quadient has decided, as part of its shareholder return policy, to set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of 0.50 euros per share.

The dividend proposal related to the 2020 financial year, will be submitted to the approval of shareholders at the General Meeting on 1 July 2021.

	Date[(a)] of the interim dividend	Amount of the interim dividend	Date[(a)] of the balance of the dividend	Amount of the balance of the dividend	Amount of the full year dividend
2020			09/08/2021		EUR 0.50
2019	-	-	09/09/2020	-	EUR 0.35
2018	-	-	06/08/2019	-	EUR 0.53
2017	06/02/2018	EUR 0.80	07/08/2018	EUR 0.90	EUR 1.70
2016	07/02/2017	EUR 0.80	08/08/2017	EUR 0.90	EUR 1.70
2015	09/02/2016	EUR 0.80	09/08/2016	EUR 0.90	EUR 1.70

(a) *Payment date.*

3.1.13 SHARE BUYBACK PROGRAM

A share buyback program involving a maximum of 10% of the issued share capital at a maximum purchase price of 50 euros could be presented for approval to the Annual General Meeting to be held on 1 July 2021.

3.2 Ownership structure

Quadient S.A. is not controlled either directly or indirectly. There is no agreement which might lead to a change of control.

At 31 January 2021, Quadient S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	438,536	1.269%	438,536	1.275%
Directors (non-executive)	14,772	0.043%	14,772	0.043%
Treasury shares held under liquidity contract	153,863	0.445%	-	-
Treasury shares held for stock option and free share allocations	19,504	0.056%	-	-
Teleios Capital Partners GmbH[a]	5,300,000	15.334%	5,300,000	15.412%
Dimensional Fund Advisors, L.P. (US)[a]	1,355,400	3.922%	1,355,400	3.941%
Norges Bank Investment Management (Norway)[a]	1,315,500	3.806%	1,315,500	3.825%
LLB Asset Management AG[a]	1,292,800	3.740%	1,292,800	3.759%
Marathon Asset Management, LLP[a]	1,218,100	3.524%	1,218,100	3.542%
Janus Henderson Investors (UK)[a]	1,172,800	3.393%	1,172,800	3.410%
Other shareholders	22,281,637	64.467%	22,281,637	64.792%
TOTAL	**34,562, 912**	**100.000%**	**34,389,545**	**100.000%**

(a) *Source: IPREO as at 31 January 2021.*

To the Group's knowledge, no other shareholder owns more than 3% of the capital or voting rights.

As at 14 February 2020[1], Quadient S.A.'s share ownership is as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	536,825	1.553%	536,825	1.559%
Directors (non-executive)	6,147	0.018%	6,147	0.018%
Treasury shares held under liquidity contract	132,468	0.383%	-	-
Treasury shares held for stock option and free share allocations	5,968	0.017%	-	-
Teleios Capital Partners GmbH[a]	3,772,600	10.915%	3,772,600	10.959%
Norges Bank Investment Management (Norway)[a]	1,564,400	4.526%	1,564,400	4.544%
Marathon Asset Management, LLP[a]	1,513,000	4.378%	1,513,000	4.395%
Dimensional Fund Advisors, L.P. (US)[a]	1,497,200	4.332%	1,497,200	4.349%
Wellington Management Company, LLP[a]	1,389,200	4.019%	1,389,200	4.036%
Braun von Wyss & Müller AG[a]	1,279,200	3.701%	1,279,200	3.716%
Other shareholders	22,865,904	66.157%	22,865,904	66.423%
TOTAL	**34,562,912**	**100.000%**	**34,424,476**	**100.000%**

(a) *Source: IPREO at 14 February 2020.*

To the Group's knowledge, no other shareholder owns more than 3% of the capital or voting rights.

(1) *Due to new processes put in place by Euroclear, information related to Quadient's shareholder basis was delayed slightly.*

At 31 January 2019, Quadient S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	529,801	1.533%	529,801	1.540%
Directors (non-executive)	152,049	0.440%	152,049	0.442%
Treasury shares held under liquidity contract	152,142	0.440%	-	-
Treasury shares held for stock option and free share allocations	8,349	0.024%	-	-
Marathon Asset Management, LLP[(a)]	1,797,200	5.200%	1,797,200	5.224%
Teleios Capital Partners GmbH[(a)]	1,644,900	4.759%	1,644,900	4.781%
Dimensional Fund Advisors, L.P. (US)[(a)]	1,543,400	4.465%	1,543,400	4.486%
Wellington Management Group, LLP[(a)]	1,347,400	3.898%	1,347,400	3.917%
Braun von Wyss & Müller AG[(a)]	1,280,000	3.703%	1,280,000	3.721%
Norges Bank Investment Management (Norway)[(a)]	1,205,600	3.488%	1,205,600	3.504%
Other shareholders	24,902,501	72.050%	24,902,501	72.386%
TOTAL	**34,562,912**	**100.000%**	**34,402,421**	**100.000%**

(a) Source: IPREO at 31 January 2019.

For more information, please refer to chapter 7 of this universal registration document.

Summary of Quadient shareholder legal threshold crossings since 1 February 2021:

Date	Nom du fonds d'investissement	Franchissement de seuil
09/03/2020	Teleios Capital Partners LLC	Crossed the 11% with 11.05% of the voting rights
27/03/2020	Teleios Capital Partners LLC	Crossed the 12% with 12.03% of the voting rights
07/04/2020	Braun von Wyss & Müller AG	Crossed the 3% with 2.99% of the voting rights
23/04/2020	Norges Bank	Crossed the 5% with 4.82% of the voting rights
20/05/2020	Wellington Management Group	Crossed the 3% with 2.99% of the voting rights
24/06/2020	Teleios Capital Partners LLC	Crossed the 13% with 13.02% of the voting rights
01/07/2020	Braun von Wyss & Müller AG	Crossed the 3% with 0.00% of the voting rights
01/07/2020	LLB Fund Services AG	Crossed the 3% with 3.55% of the voting rights
11/09/2020	Dimensional Fund Advisors LP	Crossed the 4% with 3.997% of the voting rights
30/09/2020	Teleios Capital Partners LLC	Crossed the 15% with 15.20% of the voting rights
12/10/2020	Norges Bank	Crossed the 4% with 3.99% of the voting rights
22/12/2020	Janus Henderson Group PLC	Crossed the 3% with 3.08% of the voting rights

Summary of Quadient shareholder legal threshold crossings since 1 February 2021:

Date	Name of Investment Fund	Threshold crossed
03/02/2021	Norges Bank	Crossed the 3% threshold with 2.98% of the voting rights
22/03/2021	Janus Henderson Group plc	Crossed the 4% threshold with 4.03% of the voting rights

3.3 Information on trends and outlook

Financial guidance

Quadient aims at achieving a minimum 3% organic revenue CAGR over 2021-2023, with a minimum 2% organic revenue growth in 2021.

Quadient also aims at delivering a minimum mid-single-digit organic current EBIT CAGR over 2021-2023, with 4-6% organic current EBIT growth in 2021.

Ambitions by solution

As part of the new trajectory defined for the Phase Two of "Back to Growth", Quadient has set specific targets for each solution aimed at reaching an ambitious profile by the end the 2021-2023 three-year period, ensuring that each solution effectively contributes to sustainable value creation at company level:

- Intelligent Communication Automation:
  - over 20-25% subscription-related revenue CAGR over the three-year plan,
  - around 30% solution profit margin on a full-year basis by the end of the three-year plan;
- Mail-Related Solutions:
  - better than -5% organic CAGR revenue decline over the three-year plan,
  - high solution profit margin in the range of 43-45% on a full-year basis by the end of the three-year plan;
- Parcel Locker Solutions:
  - more than 25,000 lockers installed by the end of the three-year plan,
  - around 35-40% profit margin of the installed base on a full-year basis by the end of the three-year plan.

New metrics by solution

To drive its three core solutions even more efficiently, Quadient has set KPIs for each solution which will help the company monitor its growth trajectory and its profitability.

Regarding Intelligent Communication Automation, to address the challenge of building an even more recurring SaaS/cloud business model, Quadient will monitor:

- the number of SaaS/subscription customers over the total number of customers (65% in 2020, up from 56% in 2019);
- the annualized revenue to be generated by its subscription-related revenue streams (132 million euors at the end of 2020, up 11% from the end of 2019);
- the share of this subscription-related revenue over the total revenue of the solution (59% in 2020, up from 50% in 2019).

Regarding Mail-Related Solutions, Quadient will monitor:

- the share of new generation smart devices among total number of devices in the total installed base (4.9% at the end of 2020, up from 1.1% at the end of 2019) to size the upside potential for upgrading its installed base, in line with Quadient's commitment to invest in its offering to gain market share and maximize value over time;
- the spread between the evolution of supplies revenue and the total revenue of the solution to measure the resilience of its model regardless of the usage of its installed base (this resilience index stands at 5.2% in 2020, up from 1.7% in 2019);
- the share of subscription-related revenue over the total revenue of the solution to ensure that Mail-Related Solutions continue to provide a high level of recurring cash-flows (up from 72% in 2019 to 74% in 2020).

Finally, regarding Parcel Locker Solutions, Quadient will monitor:

- the size of its lockers' installed base (up from 7,000 lockers at the end of 2018 to 13,000 lockers at the end of 2020);
- the usage rate of its lockers (up from c.25% in 2018 to c.65% in 2020);
- the year-over-year growth in subscription-related revenue (up from 16 million euros in 2018 to 42 million euros in 2020).

RISK FACTORS AND INTERNAL CONTROL

4.1 Risk factors

4.1.1 RISK ASSESSMENT

The Group has implemented a mapping process for its risks. The risk map was updated in January 2020 and in March 2020 to take into account the COVID-19 crisis. This was done by holding discussions with key Group managers and subsidiary management teams (selection of the 20 top managers) under the supervision of the head of Internal Control. A list of risks classified by theme was then drawn up and rated by the persons interviewed, based on two criteria: impact and likelihood. Ratings have then been updated in February 2021.

The risk map is presented to the Chief Executive Officer, the audit committee and the management team.

A number of operational action plans are introduced across the Group, overseen by clearly identified individuals and monitored on a regular basis at the highest level.

In addition to the review carried out by the audit committee at the end of March 2021, risks are reviewed by the Board of Directors before taking any major decision (new acquisitions, restructuring, new credit lines, etc.). Risks are discussed by the Board from a Group-wide perspective when the three-year plan is drawn up, during which:

- Quadient's Chief Executive Officer presents market conditions: change in regulation, market trends, competition;
- the Chief Financial Officer presents the Group strategy and financial objectives (by country, business line, etc.). Risks are also assessed as part of the preparation and presentation of the budget.

Regarding the CSR (Corporate Social Responsibility)/ non-financial risks, they have been assessed with the same methodology. They are presented in the risk mapping for the highest ones and in a more detailed way in chapter 5 "Non-financial performance statement" of the present document.

In addition, the risks and opportunities related to the Group's external environment are analyzed every year during preparation of the three-year strategic plan.

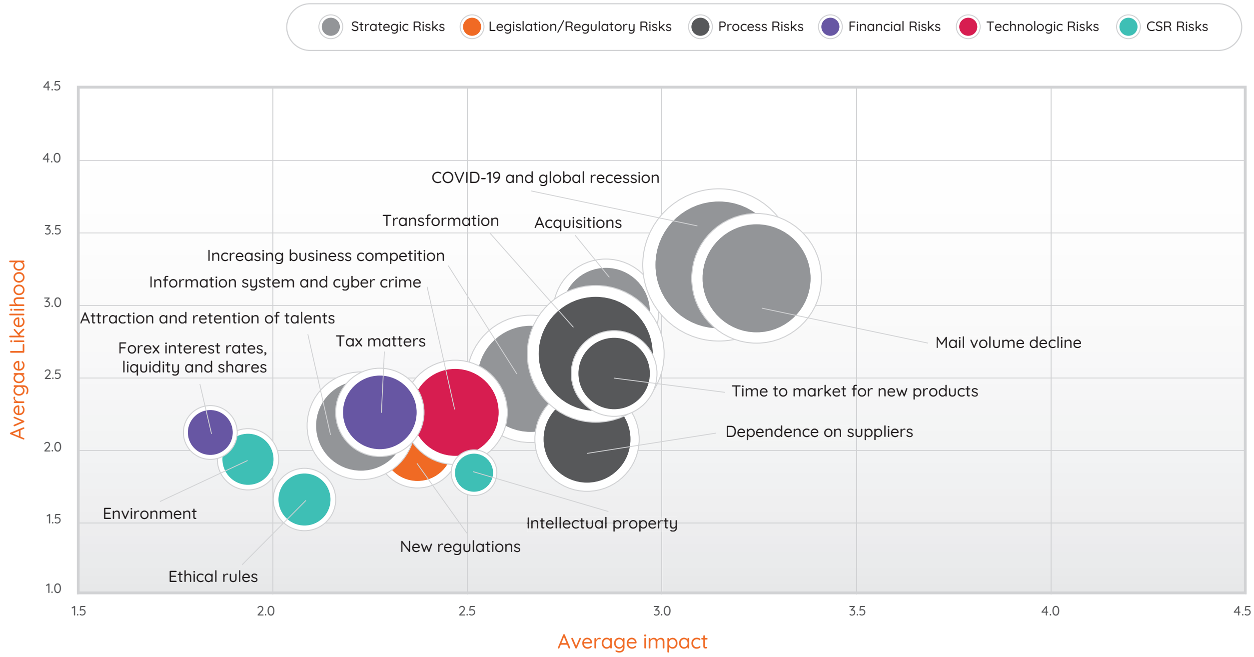
Finally, the directors of operating entities are responsible for identifying and assessing the risks associated with the activities they supervise. The results of their assessments are sent to the Group management and reviewed and discussed during operational reviews. Highlighting "red flags" risk areas is always part of the process.

4.1.2 MAIN RISKS AND RISK MANAGEMENT SYSTEMS

Risks are classified by category: strategic, operational, legal, technological, financial and CSR/extra-financial. During the interviews, they are rated on a scale of 1 to 4 in terms of impact and likelihood, 4 being the highest level of risk. Risk values are expressed in net value knowing that they have been rated in terms of impact and likelihood after taking into account management systems to mitigate them. The risk map below represents the situation after the last risk assessment.

The horizontal axis represents the impact and the vertical axis the likelihood. The size of the circles represents the risk value that is calculated by multiplying the average impact mentioned during interviews by the average likelihood and by the number of occurrences (*i.e.* number of times the risk was mentioned during the interviews).

The graphic below presents the top 16 risks identified during the last risk assessment.



Summary of the six main risk categories

Strategic	Operational	Legal	Technological	Financial	CSR/Extrafinancial
			High risks		
• COVID-19 crisis and risk of global recession • Mail volume decline • New competition • Acquisitions	• Transformation		• Information systems and cybercriminality		• Attractivity, talent retention and succession plans • Data privacy
			Low risks		
	• Time to market for new products • Dependence on suppliers	• Change in regulations		• Tax • Forex, interest rates, liquidity and shares	• Ethics and compliance • Environment • Intellectual property

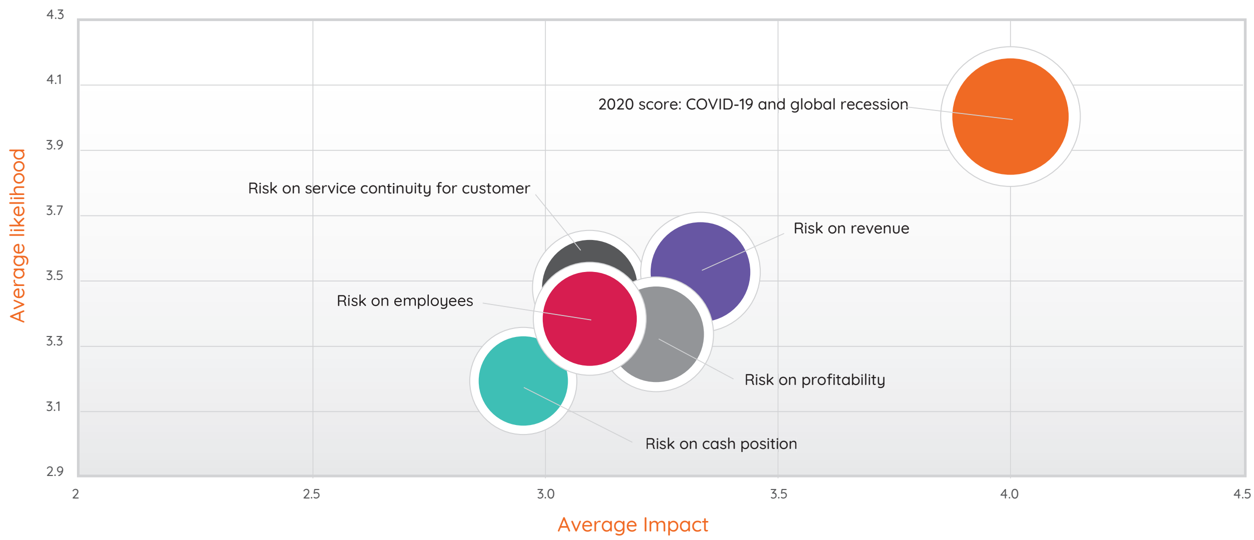
The table below gives a precise description and dedicated action plan for each of the six risk categories and the way these risks are mitigated.

STRATEGIC RISKS

Risks	Risk management system
High Risks	
COVID-19 crisis and global recession	
COVID-19 crisis started in China in December 2019. It has spread to Italy since the beginning of February 2020 and then in other European countries, in North America and in South America. Containment measures have been taken in most countries and business and production activities are widely impacted but differently depending on the country. Risk related to COVID-19 are rated in the graph above.	Since beginning of February 2020, business continuity committees have been created in each regions and in each production sites. A weekly ExCom meeting was also dedicated to COVID-19. Quadient has demonstrated its capacity to run operations in the most efficient way during this period.
Five major risks have been identified:	
• **Risk on employees and human capital** COVID-19 represents a risk on human capital. Health and safety of the Group's employees and works conditions allowing the maximum of security are key.	• **Risk on employees and human capital.** • Since beginning of February 2020, measures have been taken: - communication: health and safety preventive measures; - preparation of home office and trainings on different applications; - travel: travel ban on international flights except for imperious reasons, business trip reduction, cancellation or postponement of meetings or events. • Since March 2020: - home office for all employees if possible; - repatriation of employees. no more internal or external face to face meetings; - very limited number of on site service visit during containment period.
• **Risk on service continuity for customer** The majority of regions where Quadient operates were subject to containment measures in 2020. Service continuity for customers must be organized and, in the meantime, the maximum of security must be applied for the employees.	• **Risk on service continuity for customer** On site service visit have been reduced to the minimum during containment period and organized in the most safer way for the Group's employees and customers. Meanwhile call centres have been prepared and equipped for home office. Service continuity has been set up and is in line with preventive measures.
• **Risk on revenue** Containment of populations in main regions during certain period may lead to a reduction of the activity. Quadient could be exposed on its non-recurring revenue: hardware and license sales. On the opposite, this crisis may create opportunities in terms of revenue, especially for the Group's digitalization solutions.	• **Risk on revenue** Home office for sales people and service business continuity during containment period have been established very quickly and as a consequence all measures have been taken to reduce the impact on revenue. The percentage of recurring revenue is also key to assess risk on revenue. Thanks to actions taken, sales decreased by 7,3% in a contained organic decline. Guidance has been revised from -10% to -8% in organic growth.
• **Risk on profitability** Risk on revenue could have an impact on the level of profitability. The impact depends on the magnitude of the decline and on the actions taken to adapt cost structure.	• **Risk on profitability** The Group has performed a review of all variable costs that could be postponed (third parties, projects...). Action plan takes into account the level of the activity. Partial unemployment has been put in place. Guidance has also been revised with a better profitability than expected at the beginning of the fiscal year.

Risks	Risk management system
Risk on cash position Group cash position could be impacted by the recession: decrease of cash inflows in relation with a drop of revenue and with customers' cash issues.	**Risk on cash position** Since 31 January 2021, Quadient has paid back on the 23 March its bond 2.50% for the total outstanding amount of 163.2 million euros. After the acquisition of Beanworks fully paid in cash for an amount slightly above 70 million euros, Quadient is still getting a strong liquidity position with both a fair amount of available cash and an unused revolving credit line of 400 million euros. This credit line is available in euros and US dollars under the condition to meet covenants. This credit line is spread over a syndicate of 11 financial institutions. Risk of counterpart is limited as they are rated A *a minima*. Cash management department members use SaaS[a] applications and would perform their task without any difficulties in case of strict confinement. Cash management is performed through automatic cash pooling without any risk of liquidity for subsidiaries. Cash reportings are in place in order to anticipate potential impact on cash.

(a) *Software as a Service.*



Risks	Risk management system
Mail volume decline	
Mail volumes are down in all countries where the Group operates. Quadient expects a better than (5)% organic CAGR revenue decline over the 2021-2023 period. The Group's Mail Related Solutions activities are linked to mail volumes. These activities were down by (5.3)% in 2015, by (4.6)% in 2016, by (4.3)% in 2017, by (3.8)% in 2018, by (3.0)% in 2019 and by (10.1)% in 2020 due to COVID-19 crisis ((6.3)% in Q3 2020 and (7.1)% in Q4 2020).	To mitigate this decline, the Group continues to innovate to gain market share and develops complementary activities which enjoy strong growth. Quadient has announced its new strategy for the three coming years in January 2019. Named "Back to Growth". Main orientations are described in the section "Transformation" below. As part of this strategy, Quadient shut down Temando (shipping solutions). The Group also sold ProShip (shipping solutions) and Quadient Oceania (mainly graphics activities in Australia and New Zealand) in February 2020 and January 2021 and acquired YayPay (AR automation) and Beanworks (AP automation) in July 2020 and March 2021.
Increasing competition in new activities	
Quadient has two main competitors in its legacy business (Mail-Related Solutions): world leader Pitney Bowes and Francotyp Postalia, No. 3 in the world. Pitney Bowes is listed on the New York Stock Exchange. Its main market is North America. Francotyp Postalia is listed on the Frankfurt Stock Exchange. Germany is its main market. Regarding its new activities (Intelligent Communication Automation and Parcel Locker Solutions), the Group operates on markets where the competitive landscape is different from Mail-Related Solutions. Quadient's competitors in these new markets are more numerous and could have greater financial resources than the Group, which might affect the Group's competitiveness. Finally, according to market research and consulting firm IDC, Quadient is number two worldwide in the customer communications management software market and is also considered as a market leader in AR automation software.	The Group's strategic and marketing department regularly analyze the competition and this topic is discussed during the Board meetings and during the management team meetings at least once a year. Regarding new activities, the Group has access to market studies made by renowned research firms.
Acquisitions	
Quadient unveiled in January 2019 its new strategy for the 2019-2022 period. Named "Back to Growth", this strategy aims at expanding and growing the Group while accelerating its transformation. To achieve this strategy, the Group seized selected bolt-on acquisition opportunities which, together with organic growth in selected business segments, have contributed to scale up the Group's major offers. In this context, the Group acquired Parcel Pending in January 2019, YayPay in July 2020 and Beanworks in March 2021. These acquisitions, as do all acquisitions, bring about uncertainty as to the consolidation of the acquired teams, and on the capacity to develop appropriate products and generate synergies within Quadient's historical distribution network.	All project are thoroughly analyzed and then presented to the investment committee and to the Board. Strict financial criterias are applied during the analysis of the target and in terms of return on investment. Ability of integration is also a key topic. These acquisitions are then included in the three major solutions: Mail-Related Solutions, Intelligence Communication Automation and Parcel Locker Solutions, and in the four main regions (North America and main European countries: France/Benelux, United Kingdom/Ireland, Germany/Austria/Switzerland/Italy).

OPERATIONAL RISKS

Risks	Risk management system
High risks	
Transformation	
The "Back to Growth" strategy, implemented early 2019, implied many changes and was built around the following pillars: • reinvest in Quadient highly cash generative legacy Mail-Related Solutions offering; • focus on four major solutions in the main geographies; • seize bolt-on acquisition opportunities; • streamline the Group's organization; • either grow, improve or divest the Group's Additional Operations by no later than 2022; • adapt the Group's shareholder return policy. Transformation and the ability to move quickly are key for the Group financial result in the future. The phase two of "Back to Growth" will encompass further changes in Quadient's operating model. While the COVID-19 crisis is accelerating digitization, the needs for customer communications management, customer experience management, accounts receivable (AR) and accounts payable (AP) automation solutions are increasingly converging. Quadient has therefore decided to combine its Customer Experience Management and Business Process Automation software solutions into a true end-to-end cloud-based global business communications platform named "Intelligent Communication Automation". Going forward, Quadient will continue to build on its strengths to roll out the second phase of its "Back to Growth" strategic plan.	Implemented early 2019, the "Back to Growth" strategic plan involved both a strong refocus of Quadient's solutions portfolio and a major transformation of its operating model. Quadient aimed at building leading market positions in highly growing businesses that are synergistic with its foundational mail-related activities. Customer communication and experience management, business process and document workflow automation, as well as automated parcel locker solutions were selected to be the company's growth engines while continuing to benefitfrom Quadient's strong position in the highly profitable and cash generative mail-related business. Gradually increasing the part of these growth engines within Quadient's total revenue has been set as a critical metric of Quadient's transformation: in two years, combining organic growth initiatives and targeted acquisitions, the software and parcel locker solutions went up from 18% of total revenue in 2018 to 27% in 2020. This best-of-breed suite of business communications management software, which addresses the needs of customers of all size, features Quadient Inspire, Quadient Impress as well as Quadient's comprehensive SaaS AP/AR automation offer which has been strengthened by the recent acquisitions of YayPay and Beanworks. Based on 2020 figures, Intelligent Communication Automation already represents 183 million euros in revenue, including 59% of subscription-related revenue, the latter having increased by 13% in 2020.
Low risks	
Time to market for new products	
Developing and launching new products and services requires major investments. The Group's results and future financial position will depend in part on its ability to improve its products and services, to develop and produce new ones at the best price, and within the deadlines set by demand, and to distribute and market them.	A very strict procedure is applied for each launch of a new product. It includes Group project, planning, risk assessment and steering committee. All departments concerned by this launch are involved in the project and in the steering comity.
Dependence on suppliers	
The Group's main supplier is Zhilai for parcel lockers. Zhilai accounted for 6.4% of total Group purchases in 2020. The top five suppliers and the top ten suppliers respectively accounted for 19.6% and 27.9% of total purchases in 2020 compared to 18.7% and 27.6% in 2019. The Group works also with OEM vendors. A disruption in supply from any one of these suppliers could significantly affect the Group's business, despite the contractual clauses in the agreements protecting the Group against such risk.	The Group has put in place alternative solutions in case such an event should actually occur. The Group works with three OEM vendors (tier one suppliers), which assemble entry-level and mid-range machines in Asia. Production is divided between these three tier one suppliers. In the event one of these suppliers should fail, the other two could take over production. Quadient also has a choice of strategic tier two suppliers, and for each of these, a replacement supplier has been selected. In addition, the Group is the owner of all molds, specific tools and industrial design. The Group has put in place alternative solutions for procurement. The Group has not been or very few impacted by the COVID-19 crisis for procurement.

LEGAL RISKS

Risks	Risk management system
Low risks	
New regulations	
Quadient operates in several regions and in different activities. Some activities are under special regulations. This is the case for Mail-Related Solutions and postal regulations. Other activities are also under specific regulations such as intellectual property and data privacy.	The Group legal counsel department and its local delegates follow the evolution of regulations. Group projets are launched to adapt the Group's processes to new regulations such as Sapin II law and GDPR[a]. As of today, the Group is not aware of any governmental, legal or arbitral proceedings likely to have a material impact, or which had over the past 12 months a material impact on the Group's financial position or profits.

(a) General Data Protection Regulation.

TECHNOLOGICAL RISKS

Risks	Risk management system
High risks	
Information system and cyber criminality	
Quadient past decentralized organization and growth by acquisitions lead to great diversity in terms of information systems. Harmonization of IT infrastructures, and applications is part of the "Back to Growth" strategy.	A Chief Digital Officer was appointed in 2019. His responsibility is to align operational processes and IT within the Group. All IT teams report to him. This new team aims to focus on operational processes, cooperate with the management team in order to enforce "Back to Growth" strategy. IT security in terms of infrastructure and application is a key topic. A new Quaterly Information Security board and a new global Incident management Process have been established in 2020. The Group's global Information Security Policy has been updated and many communications to employees have been done in order to promote best practises and to avoid cyber attack.

FINANCIAL RISKS

Risks	Risk management system
Low risks	
Tax matters	
With regard to their current activities in France and abroad, Quadient entities are regularly subject to tax audits. Tax adjustments or uncertain tax positions not yet subject to tax adjustments are covered with appropriate provisions. The amounts of these provisions are regularly revised. In 2012, Quadient received a notification of tax adjustments in the Netherlands related to the financial years 2006, 2007, 2008. A mutual agreement was signed in 2019 by the Group with a payment of 15.7 million euros to the Dutch administration and a refund of 9.1 million euros by the French administration. An investigation is still on going in United Kingdom. The audit challenge the remuneration of the factories and the leasing activity set up with a centralized role of Quadient Finance Ireland. A provision is for an amount of 9.1 million euros regarding the Leasing aspect and 3 million for the royalties/factory aspect. This 3 million is a net position between the potential reassessment in the United Kingdom and a MAP to be initiated to symmetrically correct the corporate tax in the Netherlands.	A tax review is performed annually at least in each entity with the help of an external tax adviser. Each tax investigation must be reported to the Group. An agreement has been signed with a global tax adviser to manage tax issues at Group level. A Tax Director has been appointed in December 2020.
Exchange, rate, liquidity and shares	
The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt. Quadient enjoys a natural hedge on its current operating margin and its net income. Based on the 2021 budget, the breakdown of sales and costs in United States dollars is as follows: sales 45.8%, cost of sales 42.7%, operating costs 38.0%, interest expense 32.9%. A 5.0% decrease in the euro/United States dollar exchange rate from the budget rate of 1.24 would have the following impacts on the Group's income statement: sales (23.9) million euros, current operating income (6.2) million euros and net income (3.7) million euros. Based on the 2021 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.1%, cost of sales 5.1%, operating costs 8.9%. A 5.0% decrease in the euro/pound sterling exchange rate from the budget rate of 0.92 would have the following impacts on the Group's income statement: sales (3.7) million of euros, current operating income (0.3) million euros and net income (0.2) million euros. The other currencies are not a major concern for the Group. None of them, individually taken, represents more than 5.0% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively. To limit the impact of a rise in interest rates on its interest expenses, Quadient has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.	The Group believes that its cash flow (as defined in the consolidated cash flow statement in chapter 6 of this universal registration document) will easily enable it to service its debt, given the current level of debt. Debt by maturity is detailed in note 12-2-5 to the consolidated financial statements. Group debt is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. As of 31 January 2021, the Group complies with all covenants (cf. note 12-2-3 to the consolidated financial statements). The Group treasurer, who reports to the Group Chief Financial Officer, monitors exchange rate and interest rate risks for all Quadient Group's entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions. Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution. This Company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place. Please see tables below for detailed impacts of interest and exchange rate risks.

CSR RISKS

Risks	Risk management system
High risks	
Attraction and retention of talents	
Intellectual and human capital is a real source of value creation and talent management has become essential. In a constantly changing employment market, it is essential to retain and motivate talents. Some positions require particular attention due to their key role in the organization and the associated specific skills.	To avoid risk of losing key employees, the Group has put in place retention incentives such as phantom shares and free shares. It has also implemented contingency plans for all major key positions at all the Group's entities. These plans are regularly updated and reviewed by the remuneration and nomination committee.
Data privacy	
Quadient decentralized organization and growth by acquisitions lead to great diversity in terms of data base.	The head of IT security reports to the Chief Digital Officer and is in charge of the definition and of the application of IT security policies within the Group. In terms of security, postal audits were conducted successfully in all countries concerned in 2019, and continuous improvement plans are designed to meet postal requirements every year. The Group security policy has been updated. Based on the ISO 27001 standard, the policy started to be rolled-out early 2017, particularly in markets that commercialize SaaS offerings. Requirements relating to the GDPR ruling has also been addressed in these planned roll-outs to ensure compliance as of May 2018.
Low risks	
Ethics and compliance	
A code of ethics has been set up. No matter in which entity or country we are operating, rules and principles have been defined.	The code of ethics covers human rights, health and safety at work, diversity and human development, ethic and fair business relationship, environment and social responsibility. A whistle blowing procedure has been enforced. Training have been performed in 2020 for all employees.
As all companies, Quadient is exposed to risk of fraud and especially due to the development of cybercriminality. The Group has rolled out an initiative with managers of subsidiaries to ensure this risk is fully understood, to gather information on best practice and ensure standard practices are disseminated throughout the Group.	An anti-fraud policy was prepared and sent out in September 2014 to local Chief Financial Officers and managing directors. The policy includes theoretical and practical recommendations to prevent fraud. If there is an attempted fraud using new methods, the head of internal control notifies local managing directors and Chief Financial Officers where necessary. Quadient S.A. has taken out a specific insurance policy to enhance its protection against this type of risk. As part of the planned Group ethics charter, the Group internal control department introduced a procedure for managing conflicts of interest since October 2012 (refer to chapter 2 of this universal registration document, section "By-laws for the Board and committees).
Environment	
Quadient has analyzed the potential effects of climate change on its activities. Three risks that could have a medium- or long-term impact have been identified. Please refer to the social and environmental information detailed in chapter 5 of this universal registration document.	Aware of the consequences of climate change, Quadient is committed to reducing its carbon footprint and has defined its low carbon strategy and set targets in line with the "well below 2°C" trajectory.
Intellectual property	
The Group is the owner of its trademarks and has about 304 families of patents published. The geographical coverage of these patents is essentially European and American.	Quadient is not dependent on any single patent which might bring the Group's level of business or profitability into question.

EXCHANGE RATE RISK

(In million euros)	Impact on net income before tax on 2021 budget		Impact on equity as at 31 January 2021	
	Increase of 5%	Decrease of 5%	Increase of 5%	Decrease of 5%
USD	5.7	(5.7)	17.2	(17.2)
GBP	0.3	(0.3)	8.9	(8.9)

4.2 Insurance

All Group companies are covered by a worldwide insurance program which covers operating damage and loss, liability, and transport risks. All Group subsidiaries adhere to the guarantees set up and negotiated at Group level, subject to local regulatory restrictions or specific geographic exclusions.

Quadient's risks include a high level of geographic dispersion, which substantially dilutes the consequences of any claim. The cover negotiated by the Group is high and is above all aimed at insuring the largest risks which might have a material impact on the Group's financial position.

The operating damage and loss insurance cover was renewed on 1 February 2021 for one year under the same conditions.

The insurance covering transport risks was renewed on 1 February 2021 under the same conditions.

The insurance policy covering "liability" was renegotiated and renewed for one year ending on 31 January 2022.

Given the development of Quadient in software activities, it was decided in 2014 to cover the risk of possible claims from third parties against Quadient for infringement of copyright and intellectual property. The policy was renewed on 1 February 2021 for one year. Finally, it has been decided to cover cyber risks in June 2019.

Total cost of insurance amounted to 0.7 million euros in 2020.

The Group's insurance policies are regularly updated to reflect changes in the Group's scope of consolidation and to cover industrial risks within the global insurance market framework.

The Group's guarantees are placed with leading insurers with worldwide reputations.

4.3 Internal control and internal audit procedures

4.3.1 INTERNAL CONTROL MAINFRAME

As part of the organization of the internal control and for the preparation of this report, Quadient adheres to the AMF reference framework. In accordance with the AMF definition, the Company has designed and implemented its internal control system to ensure:

- reliability of financial information;
- compliance with existing laws and regulations;
- implementation of the instructions and directions given by Group management;
- proper functioning of the Company's internal processes, especially those relating to the protection of its assets.

On a general level, the internal control system helps the Company monitor its activities, improves the efficiency of its operations and ensures the efficient use of its resources.

4.3.2 INTERNAL CONTROL ORGANIZATION

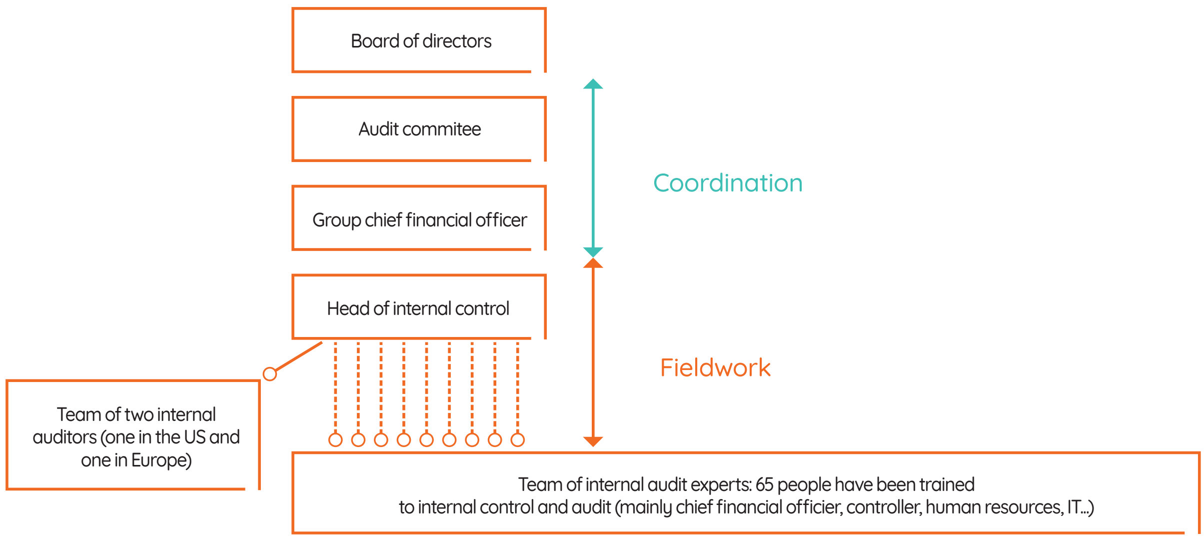
Quadient internal audit function was set-up early 2009, its purpose is to serve the Group at three levels:

- identify and assess risk;
- conduct internal audits;
- coordinate internal control.

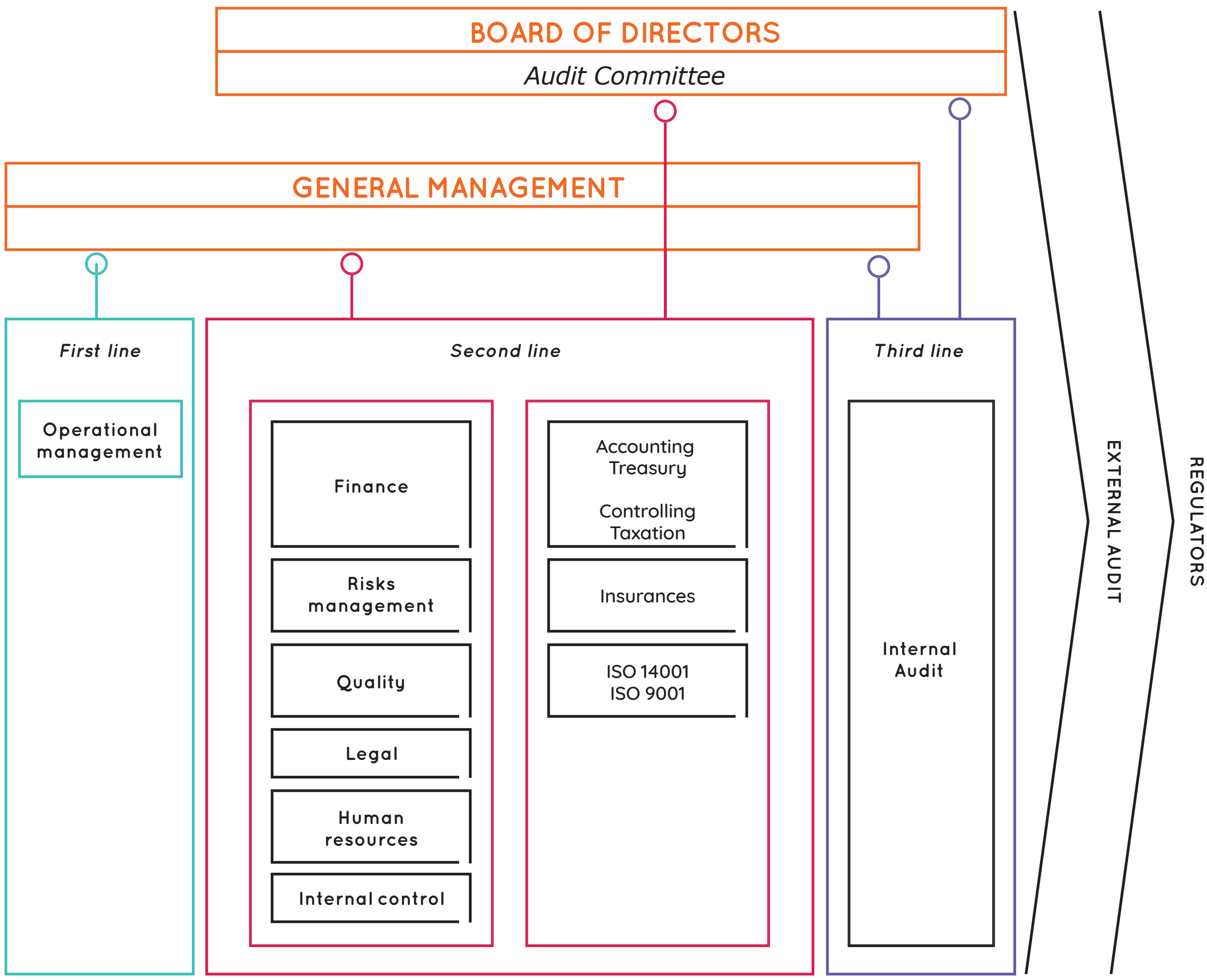
The Group's internal control department coordinates the work of a network of specially trained non-permanent Auditors comprising the Chief Financial Officers and financial controllers in the various Group companies. 65 people have received training in internal control and audits and conduct audits on regular basis. They are selected in accordance of the skills required for each audit. This structure gives the Group access to a wide range of skills.

The internal control department reports to the Group finance department, and is able to address all topics without restriction. It also reports to the audit committee twice per year: audit plan, main internal audit conclusions, specific projects such as antitrust policy, risk assessment, whistle-blowing implementation in the United States, new acquisitions, etc.

Internal Control system



Internal Control system



Internal control system is organized around three pillars:

- the first line of defence is composed of the operational management which is in charge of communication and application of procedures;
- the second line is composed of functional departments: finance, quality, risks management, internal control, legal and human resources;
- the third line involves internal audit.

A manual of procedures has been drafted and covers the following topics:

- budget consolidation and reporting processes;
- investment and assets management;
- cash flow;
- communication (including financial communication, press communication…);
- finance and accounting principles;
- legal;
- conflict of interests;
- anti fraud policy;
- Code of ethic;
- insurance manual;
- human resources procedure.

Every new or updated procedure is circulated electronically to the manager of each subsidiary. Each subsidiary arranges internal communication of the procedure and ensures they are implemented and applied by employees. The procedures are permanently available on the Group's Intranet dedicated to internal control.

The consistent involvement of Group management in subsidiaries' operations through regular reviews also allows for the rapid identification of any anomalies and the efficient and timely implementation of appropriate remedial action plans.

Furthermore, the internal audit department conducts cross audits to strengthen these controls.

An Intranet dedicated to internal control is designed to improve circulation of procedures and to facilitate communication by providing information on internal control, audits, legal affairs and cash management.

A self-assessment questionnaire on internal control is regularly updated on the basis of the control targets defined within the AMF reference framework and to take into account the specific circumstances of Quadient Group.

The answers are used to inform the audit plan.

Internal audit

The Group's internal audit missions respect the following principal working standards:

- a scoping letter;
- an opening meeting with the local management;
- a wrap-up brief following the audit;
- the delivery of a preliminary report by the Auditors;
- a response from the audited entities with specific action plans for each audit point (manager, description of the action plan and deadline);
- delivery of the final report to the managing director, the Group Chief Financial Officer, the Chief Executive Officer and the regional director;
- quarterly monitoring of the audit points through a communication to the area manager and a review during operational reviews.

Two types of audits were conducted in 2020:

- general audits covering all aspects of internal control were carried out. They dealt with all topics covered by the self-assessment questionnaire;
- thematic audits on specific topics.

Given the COVID-19 situation, most of internal audits were performed remotely in 2020. Despite this situation, the audit plan has been covered.

In addition, training sessions for new Auditors were held in December 2017 in Europe. In all, since 2009, around 65 employees with complementary roles in the Group (Chief Financial Officer, accountant, Group Director of quality, Chief Executive Officer, investor relations manager, human resources manager, etc.) have received training.

The 2021 audit plan was presented to the audit committee on 25 March 2021. It contains the audit schedule, structured around 30 or so audits, including general and thematic audits (each Group entity is audited at least once every two years), and audits of newly acquired entities, as well as production and leasing units. The audit plan takes into account new organization by regions and by major solutions and all field are covered.

As in previous years, the Group will pursue the recruitment and training, notably targeting finance department personnel who will join the internal audit team to conduct more cross-audits during the financial year. Quadient opted for an audit system consisting of audits in subsidiaries that are carried out by employees from another subsidiary or from head office, with the aim of sharing best practices.

Ethical reference framework

The integration of new activities and the strategic shift that the Group has made in recent years has led him to redefine its values to better reflect its organisational identity:

THE GROUP'S ETHICAL PRINCIPLES

The Group put in place its code of ethic and published it early 2017. Based on Quadient's new corporate values, the code of ethic lays down the main ethical standards and behaviours that the Group wants to promote in its relations with its customers, suppliers, investors, partners and employees.

The Group's code of ethic lays out the key values which are then rolled out at each subsidiary. It is then the responsibility of each subsidiary to follow through with the necessary reminders to observe local regulations and practices in effect.

The code of ethic covers the following topics:

- respect for fundamental human rights;
- commitment to employees (health, work safety, diversity, open dialogue, employability, etc.);
- business integrity: antitrust regulation, conflict of interest, bribery, insider trading, relation with third party;
- Group assets and third party assets: asset protection, confidential data and data protection, intellectual property;
- responsible citizenship and commitment.

A person in charge has been appointed for each topic: employee (Group human resources), fraud and conflict of interest (Director of internal control), bribery and competition (Group legal counsel), responsible citizenship and commitment (Group Director of quality). A whistle-blowing procedure has been set up at each level.

Operational management of each entity is in charge of communicating and applying of code of ethics.

APPLICATION OF THE SAPIN 2 LAW

French Sapin II law which went into force on 1 June 2017 requires large companies to implement an anti-corruption compliance program within all their subsidiaries. The anti-corruption compliance program involves the adaptation of the code of ethic in order to define and illustrate prohibited acts and behaviours likely to characterize acts of corruption or of influence peddling. Such code of ethic have been incorporated into internal applicable rules and regulations of each Group company.

To comply with the legal requirements, Quadient Group ensure that:

- the code of ethic is made available to and understood by all employees;
- sanctions are imposed for breaching the code of conduct and notably for corruption and influence peddling;
- a training including a quizz on code of ethics has been performed for all employees;
- the Sapin II law risk assessment has also been updated in 2020.

Information Systems

Within the technology and innovation department, the information systems teams are continuing the harmonization of the ERP[1]/CRM[2] within the Group. Moreover, to support the deployment of SaaS-based Communication and Shipping Solutions (CSS), the Group's platform has been enhanced to offer subscription models to clients.

The security of information systems is a major focus for Quadient. This need for security is even greater with the deployment of new SaaS solutions. With that in mind, the Group established a specialized structure whose purpose is to ensure the roll out of the security policy and ultimately to ensure the compliance of all structures marketing digital offers under ISO 27001.

At the core of information systems, data management is paramount. By harnessing Big Data technologies, Quadient is developing solutions to improve internal operations and providing solutions to clients. In this regard, the Group is ensuring that employee or client data management is compliant with the new GDPR regulations which will become effective from May 2018. To ensure such compliance, a focused structure was established in 2017 with the support of an expert in the field.

(1) Enterprise Resource Planning.

(2) Customer Relationship Management.

Accounting and financial information

PREPARATION AND RELIABILITY CONTROL OF INFORMATION

Each Group subsidiary has a team which reports to the local Chief Financial Officer who is a member of the subsidiary's management committee. Each team includes a management control structure and is responsible for preparing accounting and management data as part of the monthly reporting process.

The Group finance department is responsible for identifying changes in operating conditions in order to anticipate any possible impacts these may have on the Group's accounting principles. Group management is also informed about significant local developments at regular operational reviews, and during other visits to subsidiaries. The Group financial controlling department has the role of coordinator in this domain.

CONSOLIDATION

The current electronic reporting and consolidation system, which is in place at all Group consolidated subsidiaries, delivers consistent monitoring of budget and management data, improves lead times for producing the data (through automatic task scheduling management, with a reminder system) and improves the accuracy of consolidation information. Using the analysis data which is provided by the subsidiaries' management control departments *via* this system and reviewed by local management, the Group's Chief Financial Officer receives a permanent flow of data that explains any differences in the consolidated reporting.

The number of access authorizations to the information system is limited to a certain number of people per subsidiary to ensure the reliability and integrity of the reporting and consolidation data. This system has made it possible to monitor management indicators; it also produces sales and marketing data for the subsidiaries.

CASH AND FINANCING

Quadient S.A.'s financial team manages the Group's cash centrally. In order to mitigate the Group's risk exposure, the Company has developed procedures, including exchange rate and interest rate risk management, cash pooling and the optimization of the Group's financing requirements.

FORECASTS

Quadient provides its shareholders with information on its medium-term forecasts. These forecasts are formulated based on the Group's three-year plan and take into account market conditions at the beginning of 2021, namely the competitive environment and the economic conditions in the countries where the Group operates. Should there be a significant change in market conditions or the competitive environment, the Group cannot guarantee that it would be able to achieve its forecasts.

5 NON-FINANCIAL PERFORMANCE STATEMENT

5.1 Social, societal, and environmental information

5.1.1 PREAMBLE

For more than a decade, Quadient has been actively building a culture that conducts its business with the utmost integrity, offers innovative and sustainable solutions, and limits the Company's impact on the environment. Quadient believes that these continuous efforts will ultimately result in a better future for the Company's customers, employees, and the communities it serves. Quadient also believes that conducting business in an ethical and responsible manner is essential to its sustainable growth and success. As the world faces rapidly evolving environmental, social and economic dynamics, Quadient is prepared to face these challenges as a leader in its field.

As a result of the Company's strategy announced in January 2019, Quadient has also adjusted its CSR (Corporate Social Responsibility) strategy and organization to meet the needs of its future. Quadient's CSR strategy is guided by an in-depth materiality analysis, which was updated in 2019 and is summarized in this document. In terms of organization and governance, the CSR & Compliance team has joined the Transformation department, which is in charge of driving the strategic initiatives and transformation of the Company. The Strategy and Corporate Social Responsibility Committee of the Board of Directors, created in September 2018, now reviews the Company's progress on CSR matters regularly and offers its advice and support for future improvements.

This chapter explains some of the non-financial risks, challenges and opportunities that have been incorporated into Quadient's CSR strategy, as well as the main results in 2020[1].

5.1.2 CSR STRATEGY AND POLICY

Quadient has deployed a CSR strategy that is in line with the Company's business and meets the environmental, social and societal challenges the Company faces. To achieve these objectives, the CSR strategy is built around five pillars:

- empower Quadient's employees to achieve the company strategy;
- enable a culture of excellence and integrity;
- reduce Quadient's environmental footprint;
- build the best customer experience by offering innovative, reliable and sustainable solutions; and
- engage within local communities and support them.

Quadient believes that anticipating environmental and social issues, together with the management of risks and opportunities, are important drivers of operational performance.

The CSR strategy takes into account the specific challenges of Quadient's activities as identified through the materiality analysis following consultation with internal and external stakeholders. This approach allows those stakeholders to participate in building a sustainable future while ensuring the Company's performance and stability.

(1) In accordance with the order of 19 July 2017 and the decree of 9 August 2017, the other elements constituting the non-financial performance statement such as the value creation model and the materiality analysis of Quadient can be found in the introduction book of this document.

A CSR ambition defined with stakeholders

In 2019, Quadient reviewed its materiality analysis, taking into account the transformation initiated by its new strategy, the evolution of the Company's activities and organizational changes. This assessment, aimed at identifying emerging material challenges with a horizon of three to five years, also provides insight into the Company stakeholders' expectations and informs them about the importance of sustainability. In order to focus its efforts on the most material challenges, the Company conducted this assessment using the four-step process described below.

IDENTIFICATION OF CSR CHALLENGES

To meet the Company's sustainability and CSR challenges, Quadient benchmarked sector best practices, international standards such as ISO 26000, the United Nations Sustainable Development Goals, the Global Reporting Initiative (GRI), and the issues raised by the Environment Social and Governance (ESG) agencies rating Quadient's non-financial performance. In total, 52 topics have been considered and classified into five areas (People, Solutions, Ethics & Compliance, Environment, and Philanthropy).

CONSULTATION OF INTERNAL & EXTERNAL STAKEHOLDERS

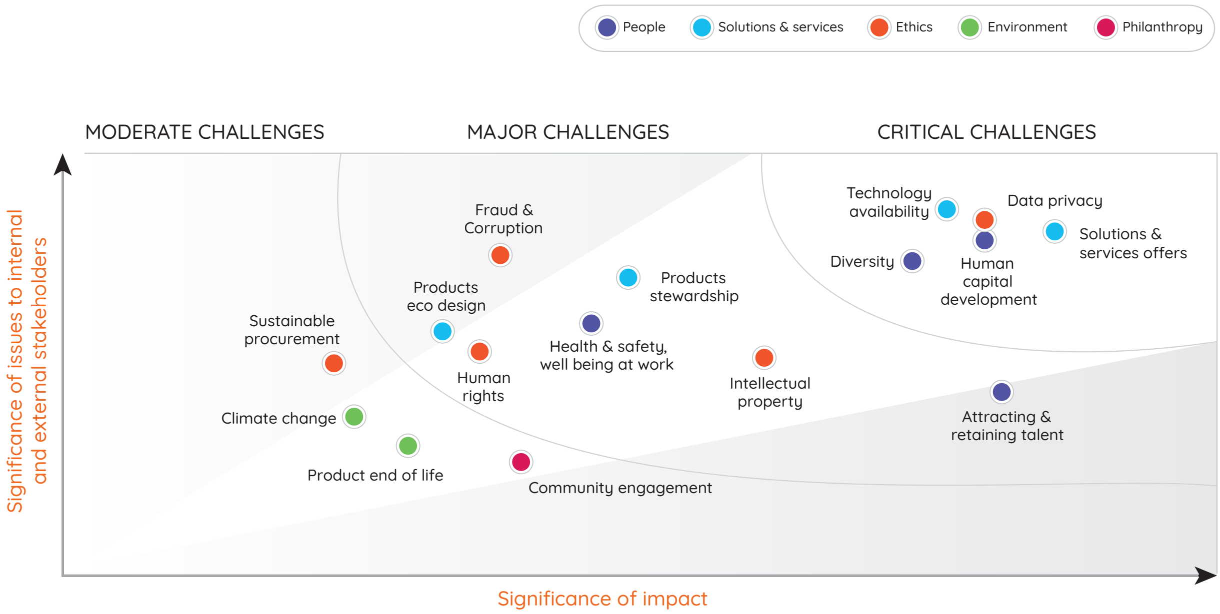
This consultation was the opportunity to spark open discussions with Quadient's stakeholders to better understand their perception of the performance, risks and opportunities, and their expectations of the Company's CSR strategy. In addition, they were asked to rate each of the non-financial challenges according to three criteria: importance level for the stakeholders, importance level for the Company's business, and maturity level of the Company on these topics.

CONSOLIDATION AND MATERIALITY MATRIX

To design the materiality matrix, internal and external scores were averaged using equal weighting between the different categories of stakeholders. The challenges retained were plotted on a materiality matrix. Stakeholder ratings were reported on the y-axis, with ratings based on importance to the business reported on the x-axis. The Company classified CSR challenges into three groups: critical, major, and moderate.

ANALYSIS OF MATERIALITY RESULTS IN 2018 AND 2019

Quadient retained 18 sustainability and CSR challenges from its materiality assessment. Of these challenges, six are considered critical, eight as major, and four as moderate. Critical challenges correspond to the main issues related to the transformation of the Company: new strategy, new digital business and organizational changes. Major challenges are historical in nature for Quadient; they were previously assessed and are still being carried out. Moderate challenges are still relevant, but only minimally affect the Company's performance and are well under control due to existing programs.



Non-financial risks

The non-financial risk mapping has been built in accordance with the Company's global risk mapping introduced in chapter 4, "Risk Factors and Internal Control", of this universal registration document. Each risk has been assessed according to the same methodology and criteria. All Executive Leaders were asked to list all risks relevant to them and rate them on their likelihood (from "Improbable" to "Probable/Very Likely") and their impact (from "Low" to "Very High") for the Company. Consolidated results were presented and validated by Quadient's risks committee.

Presentation of the main non-financial risks

Main CSR risk/ opportunity	Risk description	*Risk value*
People		
Human capital development, talent attraction and retention	Anticipate problems with the transmission, transfer and acquisition of key or rare skills. Provide expert advice to employees and ensure they use it effectively to provide the highest quality of service. Prevent any risk related to recruiting and retaining key people and qualified staff.	•••
Diversity and inclusive workplace	Promote equal opportunities in terms of recruitment, pay and benefits, promotion, access to leadership programs, training and career management. Prevent any risk of discrimination in general (age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran status or otherwise, trade union membership or other characteristics protected by applicable laws and regulations).	••
Health & safety and well-being at work	Promote work/life balance (flexible work, parental leave, teleworking, etc.). Prevent the risk of deterioration of working conditions and the working atmosphere within the Company leading to an increase in accidents and harming physical and mental health (especially during COVID-19 pandemic).	••
Ethics & Compliance		
Breach of ethical rules	Adopt transparent communication regarding the company's policies on fraud, corruption and anti-competitive practices. Act in accordance with the legal requirements of the host country on the implementation of anti-corruption and anti-fraud policies, including third party whistle-blower programs.	••
Data privacy & integrity	Protect data integrity against cyber-attacks, negligence or illegal access resulting in the corruption, theft, loss, leak of the Company's data or personal data or disruption of business.	••
Sustainable procurement & human rights	Prevent the risk of human rights violations and abuse in the supply chain and operations by applying reasonable due diligence to both direct and indirect subcontractors and suppliers. Prevent the risk of failure to reduce the environmental footprint of products by acting with suppliers.	•••
Environment		
Circular economy	Incorporate the principles of a circular economy (ecodesign, waste recycling, reuse, remanufacturing) when defining Quadient's solutions and services and in their business models.	••
Climate change	Reduce Quadient's carbon footprint and seize opportunities to reduce operational costs at a time when climate change regulations are becoming more restrictive and carbon taxes a reality.	•
Solutions		
Ecodesign and sustainable products and solutions	Offer the best customer experience through innovative, competitive and sustainable solutions and services launched on the market at the right time.	••
Intellectual property rights	Respect and enforce Quadient' intellectual property rights to avoid patent litigation, statutory fines and regulations associated with anti-competitive practices.	•••
Philanthropy		
Community engagement	Encourage employees to support local communities and embody Quadient's values.	•

Legend: ••• High risk, •• Medium risk, • Low risk

Quadient's CSR strategy

Quadient's CSR strategy is built around 5 pillars, which establishes a link between the Group's strategic vision and its main non-financials risks and challenges. In 2020, the Company has outlined its CSR Roadmap 2021-2023 and defined clear objectives and targets intended to be reached by the end of 2023. In addition, Quadient has set ambitious 2030 targets to reduce the carbon footprint of its activities and solutions.

This roadmap is structured around 12 ambitions and 14 objectives, in line with the United Nations' Sustainable Development Goals (SDGs). For each of them, initiatives, programs and monitored annual targets have been developed. The table below illustrates the CSR pillars and ambitions, the main objectives and the results achieved in 2020.

CSR challenges/ Non-financial risks	Ambitions	Objectives	2020 Results	SDG	Section
People: Empowering Quadient's people to achieve the Company strategy					
Talent attraction and retention Health & safety and well-being Inclusion & Diversity Human capital development	• Provide great working conditions empowering all Quadient employees to perform at their very best. • Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy. • Give all employees the opportunity and the means for personal and career development and empower them to contribute to the Company's success.	>80% of employees benefiting remote working 2 days or more per week	79%[a]	5 Gender equality 8 Decent work and economic growth	5.1.3
		Being recognized "Best Places to Work" with score greater than 70	68.68/75		
		>30% of women among managers	29.1%		
		>30% of women among Senior Leaders	16.9%		
Ethics & Compliance: Enabling a culture of excellence and integrity					
Data privacy Breach of ethical rules Responsible procurement Human Rights Corruption & bribery	• Promote a culture of integrity and ethical conduct through. Quadient's compliance program. • Protect privacy and integrity of data entrusted to Quadient against internal and external threats. • Engage with partners and suppliers who observe standards similar to those of the Company.	>95% employees endorsed the code of ethics	61.8%[b]	9 Industry, innovation and infrastructure	5.1.4
		>95% employees completed the training on the code of ethics	64.2%[b]		
		>95% our strategic suppliers have endorsed the Supplier code of conduct	N/A[c]		
Environment: Reduce Quadient's environmental footprint					
Circular economy Climate change	• Take actions to combat climate change and support global transition to a low carbon economy. • Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint.	Reduce CO_2 emissions by: (i) 28%, for scope 1 & 2 between 2018 and 2030 (ii) 40%/€m revenue for targeted categories, for scope 3 between 2018 and 2030	32%[d] compared to 2018 5.2%/€m compared to 2018	13 Climate action 12 Responsible consumption and production	5.1.5
		Mail-Related Solutions (MRS) equipment remanufacturing to account for more than 50% of MRS products placed on the market	34.6%		

CSR challenges/ Non-financial risks	Ambitions	Objectives	2020 Results	SDG	Section
Solutions: Build the best customer experience by offering innovative, reliable, and sustainable solutions					
Customer satisfaction Innovation, technology availability Intellectual property Eco design and low carbon products and solutions Product stewardship	• Leverage technology to consistently innovate and improve Quadient's portfolio of solutions. • Design cutting-edge sustainable solutions to help Quadient's customers fulfil their needs while contributing to sustainable development. • Deliver high quality, reliable and secure solutions to Quadient's customers.	Achieve overall customer satisfaction above 95% Pursue investments in R&D above 4.5% of consolidated revenues	97% overall customer satisfaction 5.3%		5.1.6
Philanthropy: Engage and support local communities					
Community engagement	• Embody the Company's values by supporting local communities in the fields of Education & Decent Employment, Inclusion & Diversity and, the Reduction of Waste and Pollution.	5,000 annual hours + contributed by Quadient's employees supporting communities 25% of employees involved in volunteering & sponsorship projects	150 hours[e] NC[e]		5.1.7

(a) In 2020, the lockdown due to the COVID-19 pandemic in different countries accelerated the rollout of teleworking within the Company.
(b) Endorsement and training programs were launched during the last quarter of the financial year, thus performance does not represent full year efforts.
(c) The updated version of the supplier Code of Conduct will be launched in 2021.
(d) Green-house gas emissions materially decreased due to the COVID-19 pandemic, following notable improvements in 2019.
(e) Due to the COVID-19 pandemic, a significant level of charity actions and events have been postponed to 2021 or replaced by online events that have not been tracked. A new platform is being implemented in 2021 to better monitor the Company's efforts.

Quadient commits to the Sustainable Development Goals (SDGs) as a signatory member of the UN Global Compact

By joining the UN Global Compact in 2021, Quadient asserts its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on human rights, labor, environment and anti-corruption within its sphere of influence. Quadient will also undertake actions to advance the broader development goals of the United Nations, and already intends to contribute to the achievement of the following eight Sustainable Development Goals (SDGs):

- Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Indeed, Quadient is involved in education matters, mainly through its philanthropic initiatives (in kind donation of devices to schools, financial donations) and also through partnerships with schools or universities in France, UK and Czech Republic for instance. The Company also regularly builds effective learning programs to enhance skills and capabilities of employees and recently invested in e-learning solutions such as LinkedIn Learning, English courses online, and Ignite program for Senior Leaders.

  Main targets: employees and communities;

- Goal 5: "Achieve gender equality and empower all women and girls." Quadient is committed to gender equality and, as far as possible, it wants to not only recruit more women but also allow them to access management positions through internal promotion. In this respect, a women's leadership program has been developed. Sponsored by Quadient's CEO and the Executive Management team, the program delivers practical insights and skills focused on both the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn empower other women and be part of their success story.

  Main target: employees;

- Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." In accordance with its code of ethics and supplier code of Conduct, Quadient is particularly vigilant as to the working conditions of all its suppliers and partners, and is committed to respecting the fundamental principles set out in the United Nations' Universal Declaration of Human Rights and the conventions of the International Labour Organization. Moreover, it helps boost employment in the different regions of the world in which it operates.

  Main targets: partners and employees;

- Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." As a committed and innovative player in the fields of digital communication (Customer Communication and Experience Management solutions, paperless digitalization) and the value chain for parcels (automated packing systems, parcel lockers), Quadient's business naturally dovetails with this goal.

  Main targets: partners, customers and communities;

- Goal 10: "Reduce inequality within and among countries". Quadient aims to create an inclusive and diverse culture indicative of the Company's equal opportunity employer philosophy. The Company give all employees the opportunity and means for personal and career development worldwide. Quadient also strives to provide the same good working conditions and advantages (mutual insurance, paid holidays, decent salary) to all its employees working in around 30 countries. Quadient hires local employees whenever possible. For example, the relocation of the Memphis logistics center to Byhalia created 75 local jobs, Finally, Quadient supports its local communities mainly in the fields of Education & Decent Employment, Inclusion & Diversity, and the reduction of waste and pollution.

  Main targets: employees, partners and communities;

- Goal 11: "Make cities and human settlements inclusive, safe, resilient and sustainable". Quadient leverages technology to consistently innovate and improve its portfolio of high-quality, reliable and secure solutions for customers. The Company develops cutting-edge sustainable solutions to help its customers fulfill their needs while contributing to sustainable development. For example, in cities facing higher volumes of e-commerce deliveries as a result of consumers shopping online, traffic congestion from delivery trucks continues to grow, leading directly to increased CO_2 emissions. Parcel lockers solutions help to reduce missed deliveries and therefore reduce CO_2 emissions related to the re-delivery of parcels.

  Main targets: communities, partners and customers;

- Goal 12: "Ensure sustainable consumption and production patterns." Quadient is a player in the circular economy through its remanufacturing approach. Furthermore, the Company deploys collection processes for its end-of-life products and consumables.

  Main target: customers;

- Goal 13: "Take urgent action to combat climate change and its impacts." Quadient participates in initiatives to reduce energy consumption, optimize upstream and downstream freight transport, and reduce the carbon footprint of its products, detailed in the environmental section below.

  Main targets: communities, partners and customers.

Evaluation of the Company's CSR performance by independent third parties

In 2020, as in previous years, Quadient's CSR initiatives were recognized by non-financial rating agencies, in particular Vigeo Eiris, with an overall score of 54/100, and by the Gaïa Research agency with a score of 87/100, placing it sixth (6/230) in the Gaïa Index, moving up three places compared to the previous year.

As part of its environmental strategy, Quadient has been part of the Carbon Disclosure Project (CDP) since 2009. The CDP is an independent international organization that provides a global system for measuring and publishing environmental information. In particular, it assesses companies' management and performance in relation to climate change and ranks them from "D" (lowest) to "A" (highest). In 2020, Quadient obtained a score of "B" corresponding to "Management level", positioning Quadient above the average of companies in general in France and Europe (average score of "B-").

The EcoVadis rating agency certifies companies' commitment to sustainable business development, specializing in assessing suppliers for global supply chains. In November 2020, Quadient retained the "Gold" certification awarded by EcoVadis for its Corporate Social Responsibility commitment and performance for the third year in a row. Quadient's initiative received an overall rating of 69/100 and ranked among the top 1% of suppliers in its industry sector.

ISS ESG, one of the world's leading rating agencies for sustainable investments, granted a "C+" score to Quadient that was rated as a "Prime" Company. This status is given to companies with an ESG performance above the sector-specific prime threshold.

5.1.3 EMPOWERING QUADIENT'S PEOPLE TO ACHIEVE THE COMPANY STRATEGY

Quadient firmly believes that its employees are the key to success. Their talents, ideas and actions shape the future of the Company's business on a daily basis. This is especially important as part of the Company's transformation. To sustain its operations around the world and get ready to grasp the opportunities generated by its strategy, Quadient conducts a review each year of the conditions needed for a reciprocal, lasting and loyal commitment between the Company and its employees.

Quadient is committed to supporting its employees in changing its business by providing the means and opportunity to grow and help fulfil the Company's strategy. Quadient cares about the well-being of its employees and is committed to improving working conditions, enhancing their professional skills, promoting diversity and an inclusive culture, and ensuring health & safety at work for all.

Ambitions & targets 2021-2023

Ambitions	Key Performance Indicators (KPIs)	2020 Results	Targets 2021-2023
Provide great working conditions where all employees perform at their best	% of employees benefiting 2 days or more per week of remote working	79%[(a)]	>80%
	"Best Places to Work" score	68.68/75	>70
Create a diverse and inclusive culture and be an equal opportunity employer	% of women among managers	29.1%	>30%
	% of women among Senior Leaders	16.9%	>30%
Give all employees the opportunity and means for personal development and to contribute to the Company's success	% of employees having received at least one training course over the year	80.3%	>90%
	Number of training hours per FTE	16.4	N/A
	% of employees having received a regular performance and career development review during the year	81%	>90%

(a) Employees telecommuting/teleworking during the COVID-19 pandemic.

Provide great working conditions where all employees can perform at their very best

As a responsible employer, Quadient prioritizes the well-being of its employees, encourages professional and personal development, and fosters a culture of collaboration. These commitments are formalized in the Company's code of ethics, implemented across the organization. The Company focuses on issues such as work/life balance by increasingly allowing employees to work remotely at least 2 days per week, the right to disconnect, the prevention of psycho-social risks notably through training, and regularly monitoring employee commitment. Quadient provides its employees with safe, risk-free workplaces, and does not tolerate any form of harassment, intimidation, threat or violence. These commitments protect employees' quality of life based on the health and safety of each individual. This philosophy is a fundamental duty, driven by all entities within the Company and is essential during the COVID-19 pandemic.

In 2020, 14 collective agreements were signed with workers' representative bodies. 90 collective agreements are currently effective and cover, for example, work arrangements, work/life balance, health and safety, and quality of life at work.

Initiatives	2020 Results
Flexible working	• Over 50% of sites offer their employees teleworking (excluding industrial sites). During the COVID-19 pandemic, 79% of employees worked remotely/teleworked. Widespread introduction of the right to disconnect.
Health and safety prevention	• OHSAS 18001/ISO 45001: 45.4% of Company staff are covered by these certification programs. • Training sessions on psycho-social and occupational health and safety are offered to employees every year. • The absenteeism rate for work-related accidents with time off: 0.05%.

Some initiatives were taken locally to improve work-life balance. For example, Quadient DOPIX in Germany offered additional parental leave and flextime to its employees and Quadient Technologies UK Ltd gave additional parental, maternity and paternity leaves. Through an internal platform, Quadient Inc. provides employees with wellness, fitness, and stress management challenges. Through these challenges, participating employees receive resources, education, and guides on how to take steps to make lifestyle changes to improve their health and wellness. Employees who participate in these challenges receive points that they can exchange for items through the company-wide Rewards program. They can earn additional incentives by participating daily in the challenges.

FOCUS ON TELEWORKING

For several years now, the Company has offered employees the option of working remotely (teleworking) and adopting flexible work hours, as long as this remains compatible with the nature and purpose of their duties and complies with local laws. This approach is part of a process to improve the quality of life at work. To do so, Quadient provides employees with the digital tools necessary to work remotely. Most employees are equipped with laptops and mobile phones. The migration to Office 365 and a connection through the Company's VPN (Virtual Private Network) enables access to all applications and collaboration tools employees need for remote work. Furthermore, the introduction of teleworking plays an important role in the Business Continuity Plan implemented by the Company in the context of the COVID-19 pandemic. Some agreements regarding teleworking are under negotiation, mainly in France.

In December 2020, a survey was launched in regard to the future organization of work within Quadient. Survey questions focused on topics such as telecommuting, the environment and work styles. In this context, a new program called "Work from Anywhere" will be launched in 2021 to provide employees with more flexible and agile working conditions (teleworking and/or work at the office, reorganization of working spaces, etc.).

FOCUS ON SMART WORK PROGRAM

Smart Work is a skills development program launched in October 2020, which defines Quadient's approach to flexible and agile work. It combines digital transformation with new ways of working and offers employees more choice in how they do their work. The main aim of this program is to lead change within Quadient's internal community. The Company provides employees with a toolkit containing self-study kits, exercises, and additional resources (on LinkedIn Learning, for example) that introduce the principles and ideas of flexible and agile work. This toolkit also guides employees through a range of activities and help them to expand their knowledge in the following three areas: self-care, empathy and the way we work. All these tools are used to create team engagements that allow employees to work better together. The first results will be available in 2021.

WELLNESS AND EMPLOYEE ASSISTANCE PROGRAM

In 2019, the Company implemented an Employee Assistance Program to help employees deal with challenges and prepare them to be more effective and perform better at work and in life in general. Through this Program, employees and their families can access practical information and advice on a broad range of topics, from financial advice to addiction. Information can be provided over the phone or *via* meetings arranged at the employee's convenience. The support is provided by Workplace Options, an independent company specializing in the provision of wellness offerings and employee assistance programs. In France, the program is managed by its French subsidiary Réhalto, and in the United States and Canada by Cigna. Employees can benefit from six consulting sessions per subject and per year.

For several years, the Quadient Wellness Program in the United States received the Platinum award from the Fairfield Business Council in Connecticut as a Healthy Workplace. This program provides many resources and activities to help employees live healthier lives including wellness, health, and fitness seminars, webinars, and mental and physical challenges. In 2020, Quadient's U.S. operations have also once again received a Gold award from the American Heart Association as a Heart Healthy Workplace.

ORGANIZATION AND FACILITIES SET UP TO SUPPORT EMPLOYEES DURING THE COVID-19 PANDEMIC

During the COVID-19 pandemic, Quadient implemented measures to ensure the well-being of its employees and maintain social connections despite teleworking, which concerned up to 79% of staff worldwide. Among other measures, the Company provided masks and hydroalcoholic gel to all its employees and made them regularly aware of the safety precautions. Quadient also proposed daily reminders to employees of how to care for their well-being while telecommuting, such as taking active breaks and stretching, to stay fit and healthy and preserve their mental health during the health crisis. For employees working on industrial sites and those whose positions were not eligible for telework, part-time and short-time working arrangements or flexible working hours were put in place wherever possible. Virtual coffees breaks were also organized with the Executive Committee and senior management but also within different teams to maintain links between employees, and several Town Halls provided an opportunity to gather virtually the different teams worldwide.

Additional initiatives have also been taken to try to make life easier for employees during this difficult time. As a gesture of solidarity, the Company has ensured that health coverage and pension contributions were maintained for all employees, including in countries where this is not a legal requirement. The "Gift of time" program allows Quadient's executives (Executive Committee and Senior Leaders) to donate their unused vacation days (days off) to other Quadient employees worldwide. This initiative is designed to help those who need more time to care for family members who are ill or who are struggling with the stress of balancing telecommuting and family responsibilities. The program aims to provide a practical solution by providing additional time off, without taking away pay, and has benefited colleagues directly affected by COVID-19.

In addition, Quadient has made a medical teleconsultation service available to its employees in France: MédecinDirect. It can be used in case of symptoms of coronavirus or other health issues. MédecinDirect is accessible 24/7 from France and abroad, and is entirely covered by the insurer; employees are not required to pay to use the service. During lockdowns, which occurred at different times in different countries, and according to the local measures applied, international and domestic travel were not permitted for all employees until further notice.

Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy

Quadient's growth is intrinsically linked to the diversity and complementarity of the skills of its workforce. The Company is proud of the multiculturalism of its teams, and relies on them to encourage innovation, creativity and collaboration. Quadient adheres strictly to a fair and equitable hiring process. By respecting all cultures and fostering an inclusive work environment, every employee is empowered to do inspired, passionate work and help the Company succeed. Quadient offers equal employment opportunities to all employees and applicants.

The Company does not tolerate discrimination on the basis of age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran or other status, trade union membership or other characteristics protected by applicable laws and regulations. All employees, regardless of job title or level, must be treated fairly in matters relating to promotion, training, hiring, compensation and termination.

Quadient has set high ethical standards for everyone who acts on behalf of Quadient, and strictly prohibits any acts of violence, harassment and bullying, whether carried out by an employee or a non-employee.

Initiatives	2020 Results
Feminization of the governing bodies	• Board of Directors: 41.6% women at the end of 2020[a]. • At 33.3%, the number of women in Quadient up 1.42% compared with 2019. • At the end of the 2020 full-year, female managers accounted for 29.1% of the total number of managers.
Gender equality	• Women represented 16.9% of Senior Leaders.
Adhesion to inclusion & diversity charters	• Quadient has signed charters in France, UK, Germany, Austria, Italy and Switzerland.
Employment of people with disabilities	• Employment rate of people with disabilities at Company level: 1.83%. • Employment rate of people with disabilities in France: 3.8%.
Employment of seniors	• Staff over 55 years of age account for 22% of the Company's total workforce.
Employment of young generation (-25 years old)	• Employees under the age of 25 represent 2% of the workforce in 2020.

(a) In accordance with French law and the Afep-Medef code, employee-representative directors are not taken into account when determining the proportion of women on the Board of Directors.

EMPOWER WOMEN PROGRAM

Quadient believes that greater gender balance at the leadership level is a real lever for the Company's business performance. The Empower Women Program is a virtual learning series to help women navigate the complexity of attaining leadership roles. The program is designed to deliver practical insights and skills focused on the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn, empower other women and be part of their success story. The Empower Women Program is sponsored by Geoffrey Godet, Chief Executive Officer, and Quadient's management team.

INCLUSION & DIVERSITY PROGRAM

Creating a diverse and inclusive culture indicative of Quadient's equal opportunity philosophy is one of the objectives of Quadient's HR policy and CSR approach. In 2020, to consolidate existing programs across all entities of the Company, Quadient presented to its employees a new policy and pledge for Inclusion & Diversity and launched the "Empowered Communities" project.

Quadient's employees actively participate in inclusion and diversity initiatives. For example, employee volunteers created the "Empowered Communities" project, which is open to all employees. The project is designed to facilitate opportunities for development through education and knowledge sharing, raise awareness and celebrate uniqueness through events and partnerships, and regularly bring together enable small groups for support. These groups act as safe places for discussions and ideas around inclusion and diversity developments regarding women, origins and ethnicity, sexual orientation and gender identity, as well as disabilities. The groups also assist in outreach programs with charitable and non-profit organizations involved in the company's philanthropic activities.

Alongside launching the Inclusion & Diversity program, Quadient has signed charters and committed to inclusion objectives of local support organizations in France, the United Kingdom, Germany, Austria, Italy, and Switzerland. For example, Quadient has signed the French Diversity Charter, joining more than 4,200 signatories to fight discrimination and promote diversity within the Company. In France, members of the Management team and employee representatives signed the LGBT+ Engagement Charter of L'Autre Cercle, an association that fosters the inclusion and visibility of LGBT+ people in the professional world.

QUADIENT SUPPORTS DIVERSITY IN THE WORLD OF INFORMATION TECHNOLOGY

In the Czech Republic, Quadient has partnered with Czechitas, a non-profit organization that helps women, girls and children to explore the world of information technologies. The organization teaches them to code in various programming languages, tests software, and analyzes complex data. As a regional Partner of Czechitas, Quadient will offer mentoring skills on requalification courses for women during a one-year period and offer expertise to support other local workshops throughout the year.

QUADIENT SUPPORTS PEOPLE WITH DISABILITIES

Quadient continues to support people with disabilities, now having formed an "Empowered Community" for this impacted group where employees can discuss together and drive positive change on this topic. This Empowered Community is employee-led and sponsored by the Chief Transformation Officer. For example, in Switzerland, it has outsourced certain tasks, such as consumable order fulfilment or certain warehousing tasks to the ESPAS Foundation. This foundation works to promote the social and economic integration of people whose health prevents them from playing a full role in the workplace. Its primary aim is the successful integration of women and men with a physical or mental disability. ESPAS offers commercial and industrial outsourcing opportunities for companies, institutions and other organizations.

In France, Quadient has partnerships with ESAT (assistance and service centers helping disabled people into work) organizations. The company outsources activities such as providing offices with supplies and manual packaging or administrative and mechanical tasks.

Quadient accounts 94 employees with disabilities as part of the workforce. The Company seeks to facilitate their hiring and integration by offering adapted workstations where necessary.

Give all employees the opportunity and the means for personal development and to contribute to the Company's success

Employees are essential to Quadient's success and are the main driver of its performance. To recruit and retain the best talent in its key business areas, the Company aims to provide employees with an attractive work environment that encourages them to take initiative and work together to fulfil its mission: achieving sustainable growth for Quadient's internal and external stakeholders.

Developing talent and skills is central to Quadient's human resources policy. A particular challenge exists in terms of the transfer and acquisition of key or rare skills, specifically in the digital sector, which is highly competitive and constantly changing.

Initiatives	2020 Results
Recruitment of new staff	• 454 people joined the Company under permanent contract and 65 under fixed-term contracts during the 2020 financial year.
Retention of staff	• As of 31 January 2021, 97.2% of staff have a permanent contract. • Employees on temporary contracts accounted for 1.7% of the Company's total workforce.
Increase staff commitment	• Employee Net Promoter Score moved from 3 to 18 in 2020. • The staff turnover rate[(a)] is 10.2%. • The absenteeism rate was 5.4% in 2020.
Pay and recognition	• This year the Company maintained a pay-increase campaign despite the COVID-19 pandemic. • Wages and payroll charges represent 429.8 million euros.
Training plans	• 80.3% of employees attended at least one training course in 2019. • 4,128 employees trained and 16.4 hours of training on average per Full Time Equivalent (FTE). • Budget of 2.03 million euros allocated to staff training.
Focus on digital training	• 81,903 hours of training including 36.6% on digital. • 61% e-learning hours. • 867 hours delivered on the LinkedIn Learning platform.
Annual appraisal interviews	• 81% of staff had an annual appraisal interview.
Internal mobility	• 146 employees benefited from internal promotion.

(a) Arithmetic average of the number of employees who left and the number of new hires, divided by the initial number of employees at the start of the period.

ATTRACTING TALENTS AND INCREASING EMPLOYEE'S COMMITMENT

The energy and motivation of Quadient's staff is a key link in its value creation chain. The Company measures the commitment of its employees and develops action plans as necessary to strengthen its employer identity and nurture loyalty within the business.

Recruiting future talents

Quadient is in regular contact with local schools and universities. For example, Quadient s.r.o. regularly cooperates with universities and local high schools in the Czech Republic where Quadient staff have taught classes, organized IT events and BarCamps (participatory workshops related to new technologies where content is proposed by participants); this has occurred mainly at the University of Hradec Králové. Quadient works in particular to attract young people to developer functions as part of its digital activities.

Employee engagement survey

Quadient attaches importance to the opinions of its employees. To assess staff engagement and identify areas for improvement, the Company launched a new engagement survey in 2017, in partnership with start-up Supermood. Quadient sends an anonymous questionnaire to employees each quarter to gauge employee perception of the Company's policies and work environment. The resulting Employee Net Promoter Score (NPS) ranges from -100 to +100. According to Supermood, an NPS in the -100 to -30 range is considered "low", a score from -30 to zero is "medium", a score from zero to 10 is "good", and above 10 is "excellent".

In 2020, the NPS increased from three to 18, placing Quadient's employee engagement in the "excellent" range. These surveys are a vital component of the dialog established within the organization, helping management identify and understand employee motivations and drivers of engagement. This data provides insight that guides the creation of action plans promoting employee well-being and daily engagement.

Workday

In 2020, Quadient has started to deploy Workday, a new global human capital management system across all legal entities. This user-friendly technology tool, which is an important part of Quadient's new ways of working and digital transformation, provides a better employee experience, reliable and real-time data for decision making, and helps managers lead their teams more effectively. Workday allows employees to access Quadient's organizational charts and to see internal vacancies with links from the Workday home page; other useful Company portals such as LinkedIn Learning and Career hub, the Company internal mobility portal. Employees can also update their personal information directly through Workday and have more control over their data. The deployment of this new tool has been planned in two phases, the first phase took place in 2020 and the second phase will be deployed in 2021.

BUILDING EFFECTIVE LEARNING PROGRAMS AND EMPOWERING EMPLOYEES TO GROW IN THEIR CAREER

Developing talent and skills is at the heart of Quadient's human resources policy. The Company aims to provide employees with the resources necessary to ensure they play an active role in developing their skills and careers through innovative training content, appropriate and varied formats (e-learning), and personalized training modules. In 2020, the Company invested in 63,831 hours of training, 38.2% of which was carried out in the classroom, 61% *via* e-learning, and 0.8% over the phone, in particular as part of foreign language courses.

Focus on digital-based training and e-learning

Digital-based training has risen sharply in line with Quadient's digital activities.

In 2020, 29,976 hours were dedicated to digital training accounting for 36.6% of the total number of training hours. This allows the Company's employees to acquire new skills and improve their expertise in the face of competition and rapidly evolving technologies. In 2019, Quadient introduced the LinkedIn Learning platform, providing thousands of training resources in multiple languages with recommendations personalized to employees' skills and interests. The platform is accessible at any time from any device for faster, smarter learning. LinkedIn Learning includes varied and personalized learning pathways to support employees' development, from business line knowledge to soft skills such as leadership, communication, and management. It also offers certifications recognizing the skills acquired. In 2020, 4,100 employees completed at least one course on the LinkedIn Learning platform.

Online English course

Quadient is committed to creating a culture of inclusion across the organization and offers an online English course to interested employees to facilitate their collaboration with colleagues and customers worldwide. This six-month program supports employees for whom English is not a first language, from beginner to advanced level. Lessons are based on real situations, using interactive exercises, role plays and videos, making it relevant and easy to apply. The course is entirely online and can be accessed at any time from any device so that each employee can learn at their own pace. In 2020, 1,214 employees, or 22.6% of Quadient's headcount, participated in this course.

Ignite Leadership Program

In 2020, Quadient launched an innovative leadership development program that focuses on developing a critical mindset and skill set to be an effective leader. Ignite is designed to help employees perform at the caliber necessary to drive and deliver Quadient's Back to Growth strategy. Employees are encouraged to meet their managers to set their learning goals, share key insights and plan for action. This learning experience is a major investment in employees' growth and development as a leader. To deliver this innovative program, Quadient has partnered with Harvard Business Publishing.

Promotion of internal mobility

The diversity of career paths brings a wealth of human and technical experiences. It enables the sharing of ideas, breaks down departmental siloes, and nurtures cohesion and creativity by forming teams of professionals with varied profiles. Quadient encourages employees to grow their career and achieve their full potential. In 2019, the Company launched an internal mobility portal called Career Hub. This platform allows employees to view all internal vacancies across all departments around the globe and receive personalized job recommendations based on their preferences.

5.1.4 ENABLING A CULTURE OF EXCELLENCE AND INTEGRITY

Quadient expects each of its employees to act with honesty and integrity, and to comply with applicable laws, rules and regulations governing all aspects of the business including research, development, manufacturing, marketing, sales and distribution of products and associated services and solutions. Beyond the regulatory obligations, Quadient has defined the ethical standards it wishes to encourage among its employees and as part of its dialogue with external stakeholders.

Ambitions & targets 2021-2023

Ambitions	KPIs	2020 Results	Targets 2021-2023
Promote a culture of integrity and ethical conduct through Quadient's code of ethics and compliance program	% of employees that endorsed the code of ethics	61.8%	>95%
	% of employees that completed the training on the code of ethics	64.2%	>95%
	% of employees having completed compliance and business ethics training program[a]	NC	>95%
Protect privacy and integrity of data entrusted to us against internal and external threats	% of employees having completed data privacy training program	NC[b]	>95%
	% of employees having completed information security training program	NC[b]	>95%
	% of newly delivered digital services compliant to Quadient's Digital security Standards[c]	NC	>95%
Engage with partners and suppliers who observe ethical standards like those of the company	% of strategic suppliers that endorsed the Suppliers code of conduct[d]	N/A	Updated supplier code of conduct to be endorsed in 2021
	% of evaluated suppliers compliant with Quadient's Suppliers code of conduct requirements[d]	89.2%	>85%
	% of buyers trained on responsible procurement	NC[e]	>90%

(a) New compliance training programs will be launched in 2021.
(b) New training programs launched in February 2021.
(c) Digital Security Standards have been developed in 2020.
(d) Scope to extend starting in 2021 to non-production strategic suppliers.
(e) Training program for purchasing teams will be launched in 2021.

Promote a culture of integrity and ethical conduct through Quadient's compliance program

THE CODE OF ETHICS

Designed to promote ethical behavior among employees and external stakeholders, Quadient's code of ethics sets the framework for its requirements and practices, a framework on which it relies to make its decisions and carry out its activities. It was updated in July 2020 and covers a broad range of crucial topics: Human Rights; Employees (health & safety at work, diversity, fairness and respect, employee development, open dialogue, and representative bodies); Business Ethics (anti-trust laws and fair competition, corruption, political engagement, communication); Business Relationships (customers and partners); Company assets and third parties (protection of the Company assets, confidential information and data protection, respect for intellectual property rights); Citizenship and responsible engagement (environmental protection and societal commitment). The new version also includes useful recommendations for how to anchor the code of ethics in Quadient's corporate culture and takes into account Quadient's new values.

Quadient asks every employee, regardless of their role, function or entity, to follow the code of ethics when working for or representing Quadient. It also expects and encourages its business partners and suppliers to act in a way that is consistent with this code. The code is available in the following languages: French, English, Dutch, German, Italian, Spanish, and Czech. Each legal entity makes the code available to its employees on their regional Intranet or by distributing a printed version. It is also available on the new corporate website: https://www.quadient.com/about-us/corporate-responsibility.

Also in the last quarter of 2020, mandatory training regarding the code of ethics was launched on LinkedIn Learning, which included a video, a short quiz (passed with a score of at least 80%), and an endorsement form to be completed by all employees. 64.2% of employees have completed the online training and 61.8% have endorsed the code of ethics as of end of January 2021.

PREVENTION OF AND FIGHT AGAINST FRAUD AND CORRUPTION

In accordance with its code of ethics, Quadient complies with the anti-corruption laws of the countries in which it operates and has a zero-tolerance policy for corrupt practices, including in particular giving or accepting bribes, either by an employee or a third party acting on behalf of the Company. Quadient rejects all forms of corruption and prohibits demanding, accepting, offering or giving bribes, gifts or other benefits, either directly or indirectly. It also raises awareness and provides training to its employees on the prevention of fraud and corruption. Quadient's Board of Directors has 9 independent members. The Board's rules of procedures, establishment of a Conflict-of-interest policy, and a fraud prevention procedure minimize the risk of abuse and misdeeds. In addition, the managers concerned are required to sign an annual conflict of interest form for internal controls.

ANTI-TRUST LAWS AND FAIR COMPETITION

Quadient does not tolerate anti-competitive practices, including price fixing, the rigging of tenders and responses to tenders, or sharing customers, markets or territories. Accordingly, Quadient forbids its employees from entering into any agreement with competitors intended to restrict the nature or quantity of products and services offered, as well as any agreement with suppliers or other partners to obstruct fair competition or the exchange of information with competitors regarding corporate strategy on products or pricing.

WHISTLE-BLOWING PROCEDURES

Quadient has implemented a corporate whistleblowing procedure to facilitate the reporting of any possible breach of its code of ethics. Different escalation channels are available to raise concerns. Employees are encouraged to report through the management line first. However, if an employee considers that informing their direct line manager could cause difficulties (for example, if the direct line manager was involved in the alleged misconduct) or that the alert notified may not be properly followed-up, they may directly contact one of the following departments: Human Resources, Compliance, Legal or Internal Audit.

To complement this process, the Quadient Ethics line was launched in May 2020. It is a comprehensive and confidential reporting tool, hosted and operated by third-party provider NAVEX Global, which assists employees to report anonymously any concerns related to Ethics & Compliance *(e.g.* fraud, abuse, and other misconduct in the workplace), *via* a form online (website) or a hotline, available 24 hours a day, 365 days a year. This corporate platform also allows employees to ask questions about the code of ethics and other corporate policies. In a second step, this ethics line will also be available for Quadient's third parties *(e.g.* customers, suppliers, partners). All escalated or identified ethic breaches are analyzed by the Ethics & Compliance committee composed of the Chief People Officer, General Counsel, Vice President of Internal Audit and Vice President of CSR & Compliance.

HUMAN RIGHTS

By joining the UN Global Compact in 2021, Quadient asserts its commitment to supporting and promoting respect of human rights within its sphere of influence,

Quadient runs its business in accordance with the fundamental principles outlined in the United Nations Universal Declaration of Human Rights and conventions of the International Labour Organization. The Company strongly condemns the following: modern slavery and the trafficking of human beings; all forms of illegal, forced or compulsory labor, in particular child labor; discrimination in respect of employment and occupation; restriction of freedom of association and the right to collective bargaining. Quadient supports these principles in its code of ethics, its position on labor relations, hiring practices and its relationships with partners, suppliers and customers. The Company ensures that its operations comply with its code of ethics through its procedures and internal control systems including regular operating reviews, risk management, internal audits and supplier assessments.

Protect privacy and integrity of data entrusted to Quadient against internal and external threats

In an increasingly connected world, with ever-increasing amounts of electronic mail and parcel volumes growing in line with the growth of e-commerce, Quadient has made a firm shift to digital. In addition to smart machines to process traditional mail, the Company's offering now includes solutions and software either dedicated to digital communications management or aimed at facilitating parcel processing.

Quadient handles a lot of sensitive information every day and protecting such information has always been of very high concern for the Company, including the protection of postal transactions, customer's data, and the Company's data. Aware of the consequences of a security failure in its operations, the Company is committed to safeguarding the confidentiality, integrity and availability of all physical and electronic information assets to ensure that regulatory, operational and contractual requirements are fulfilled.

Initiatives	2020 Results
Establishment of a new global quarterly Information Security Board	• Analysis of security incidents, security performance and the progress of security-related projects during quarterly security reviews.
New global Security Incident Management Process improving reporting, aligned to DPO requirements	• Incorporation of crisis management and corporate communications. • Selection of a third party Security Incident Managed Service to increase efficiency of incident response, incorporating expert incident analysis and forensic investigation capability.
ISO 27001 certification program	• 4 entities are ISO 27001 certified (covering 20% of staff), Inspire cloud-based solution have ISO 27017 and ISO 27018 certification (cloud) and meet the OpenSAMM security standards.
Program of internal and external audits in 2020 on the Company's systems and applications	• 16 security audits carried out in 2020 covering MRS, CXM and BPA.
Personal data protection program complying with the data regulation	• Implementation of a Data Council comprised of stakeholders across the organization. • Expanding practices beyond GDPR[a] and CCPA[b] to new legislation that require additional attention and compliance (*i.e.* new laws in the United States, United Kingdom, Ireland and Brazil).

(a) *General Data Protection Regulation.*
(b) *California Consumer Privacy Act.*

A NEW INFORMATION SECURITY OPERATING MODEL

The Company has defined security policies that detail the requirements for correct and secure use of its own data and data entrusted to Quadient by its stakeholders such as staff, customers, suppliers, and other partners. These security policies have been rolled out in all countries in which Quadient operates. They are mandatory and apply to all legal entities, employees, service providers and consultants working on company sites or to anyone with access to company systems.

As part of its ongoing transformation, Quadient has implemented a new global Information Security operating model. Core to this new operating model is a specialist focus, ensuring that the Company has dedicated capabilities where security matters most: in protecting its customers, its employees and personal data that is entrusted to Quadient. The Company's holistic approach means it consistently focuses on areas of biggest risk with the means to effectively recover from security events should they happen.

Quadient's policies are practicable and designed to drive the right behaviors in its people and partners, complemented by effective global operating standards. The Company certifies to ISO standards to underpin its practices.

The Director of Information Security chairs a Corporate Information Security Board to govern corporate information security activities. The Security Board meets quarterly and includes representation from Solutions Security teams, the Data Protection Organization, Corporate Compliance, Digital Organization and Corporate Information Security. This is the overarching Information Security technical governance authority within Quadient, reporting to the Quadient Executive Committee. Its role is notably to establish global information security objectives and priorities, perform global information security risk assessments, maintain Information Security policies, and create global awareness of Information Security Policies and safe working practices.

ISO 27001 CERTIFICATION PROGRAM

Quadient is currently rolling out a certification program based on the ISO 27001 standard, primarily covering sites whose business is the development of software solutions, infrastructures and their support. In 2020, four entities were ISO 27001 certified, and the cloud-based Inspire solution is also ISO 27017 and ISO 27018 certified.

COMPLIANCE WITH DATA PRIVACY REGULATIONS

Quadient is committed to processing personal information in accordance with applicable data privacy laws and regulations. Quadient's also remains focused on reinforcing its foundation in data privacy areas to ensure the proper security, handling and disposal of data and personal information. According to its data privacy policy, Quadient collects, uses, and retains personal data when it is necessary to ensure the effective operations of the Company. Moreover, Quadient protects confidential and personal information entrusted by its customers, suppliers, and other business partners as carefully as it protects its own information.

Additionally, a Data Council was established in the first half of 2020, led by the Company's Data Protection Officer and Chief Digital Officer and comprised of stakeholders across the organization to provide the proper governance, transparency and guidance related to these important issues.

In 2020, a cross functional data protection team has worked to accomplish the data privacy objectives. Notable achievements include: implementation of a single record of processing to inventory and manage all Quadient processing activities; creation and update of critical policies related to information security and data privacy; generalization of the usage of tools that could detect phishing; and finalizing the implementation of a global data incident management process. In addition, the Company has secured its relationships with its subcontractors and implemented a process to respond to data subject access requests where applicable.

Various privacy impact assessments and audits for new products and newcomers, like Parcel Pending and YayPay, have been initiated and completed to ensure safe integration and commercialization of Quadient's products.

Engage with partners and suppliers who observe standards similar to those of the Company

Quadient extends its CSR and ethical commitments to all its partners, who must comply with applicable laws and regulations, International Labour Organization conventions and the Company's responsible procurement policy.

To this end, since 2016 the industrial partnership and procurement department, in collaboration with CSR and Compliance management, has rolled out its supplier code of conduct and its responsible procurement policy across its entire range of manufacturing suppliers. The policy against modern slavery and human trafficking complements the measures taken by the Company to support human rights. Quadient has also disclosed its conflict minerals policy to its electronic suppliers and requested them to provide evidence that they do not use conflict minerals in the manufacturing of components they deliver to Quadient.

Quadient seeks to establish mutually beneficial partnerships with its suppliers and to conduct business with them in a responsible, ethical and sustainable manner. The Company, therefore, endeavors to work only with partners who share its values and have similar ethical rules to its own.

Quadient is also committed to choosing its suppliers carefully, fairly and with integrity. They are selected using the established procurement strategy or by invitation to tender based on their ability to meet the Company's requirements in terms of quality, price, service, reliability, technology, safety, the environment, and ethics. The Company also endeavors not to create a situation of mutual dependence in terms of revenue, technology, and know-how.

Quadient ensures that its suppliers comply with its requirements through dialog, visits, audits, and performance assessments carried out by its teams. Over and above contractual matters and supplier selection audits, since 2017 the industrial partnership and procurement department has launched CSR assessment campaign for its suppliers. Those who do not fulfil the Company's assessment are asked to provide an action plan.

In 2020, Quadient reviewed its responsible procurement approach to extend it progressively to all Quadient's purchases. The Company has also updated its Supplier Code of Conduct in early 2021.

Initiatives	Main achievements
Assessment of suppliers' CSR performance	• 221 suppliers assessed since 2017, representing more than 98% of the total manufacturing purchases from the plants at Le Lude and Drachten and from Quadient's OEM partners in 2020. • 89.2% of suppliers assessed obtained a score in keeping with the Company's requirements. An action plan is required from suppliers who do not comply with the supplier code of conduct.
Supplier CSR audits	• Eight CSR audits carried out with tier-two suppliers in Asia (China and Malaysia) completed in 2018 and 2019.
Staff involvement and training in responsible procurement	• CSR and ethics training over two days for purchasing and supplier quality teams present in Asia (Hong Kong). These teams cover all of the relationships with the Company's suppliers in China and Malaysia. • Discussions with the team of buyers to jointly define the CSR criteria relevant to different types of suppliers, particularly on social issues.
Involvement of suppliers and responses to non-financial rating agencies	• Listed according to the criteria defined by the Company. • The Company was awarded "Gold" status (69/100) at the latest assessment conducted by EcoVadis in 2020. It shares its profit with its customers (selection criterion in certain cases) and suppliers and invites its suppliers to complete the EcoVadis questionnaire.

5

5.1.5 REDUCING QUADIENT'S ENVIRONMENTAL FOOTPRINT

For several years, Quadient has been committed to protecting and preserving the environment. Given its activities, the Company's main environmental challenges relate to its carbon footprint and the impact of its products and solutions throughout their life cycle.

Quadient's environmental policy, formalized in the Company's code of ethics, focuses on innovation and the ecodesign of products, their remanufacturing and the recycling of waste generated by the industrial sites and products at the end of their life, thus encompassing circular economy principles. This code also defines a framework for all Quadient's entities that are committed to reducing their carbon footprint.

Ambitions & targets 2021-2023

Ambitions	KPIs	2020 Results	Targets 2021-2023
Take action to combat climate change and support global transition to a low carbon economy	% of reduction of CO_2 emissions related to scope 1 & 2 compared to 2018 (Energy consumption and company vehicles)	32%[a]	28% by 2030[b]
	% of low carbon energy (renewable energy and heating network)	16.6%	25%
	% of reduction of CO_2 emissions related to scope 3 for targeted categories compared to 2018	5.2%/€m revenue	40% by €m revenue or 30% in absolute by 2030[c]
Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint	% of industrial waste recycled	86.4%	>90%
	% of hardware units remanufactured	34.6%	>40%

(a) *High reduction of scope 1 & 2 emissions due to COVID-19 situation in 2020.*
(b) *Reduction target of 28% between 2018 (baseline year) and 2030 for scope 1 & 2 based on scenario of 1% growth to 3% growth per year.*
(c) *Reduction target of 40% per €m revenue for scope 3 on targeted categories between 2018 and 2030: use of sold product, purchase of goods and services, business trips and employee commuting.*

Take actions to combat climate change and support global transition to a low carbon economy

Aware of the consequences of climate change, Quadient is committed to reducing its carbon footprint and has set targets in line with the "well below 2°C" trajectory.

RISKS RELATED TO CLIMATE CHANGE

Quadient has analyzed the potential effects of climate change on its activities. Three risks that could have a medium- or long-term impact have been identified and are described below:

- risk linked to the intensification of natural disasters and events: on account of their geographic location, some Quadient sites and some industrial partners and suppliers are exposed to natural disasters or events such as earthquakes, or to climatic phenomena such as hurricanes, cyclones, typhoons, floods and tidal waves, which will occur increasingly often. The logistics center in Byhalia, the production site in Drachten and Quadient offices in Hong Kong appear to be the most exposed. These events are likely to affect the availability of parts and components necessary for the manufacturing of products, and to damage production facilities, slow the supply chain, temporarily interrupt production and distribution, and potentially threaten the safety of employees;
- risk linked to changes in regulations to reduce greenhouse gas emissions: Quadient is mindful of the development of such rules, existing or future, the increased severity of which could have a negative impact on its future sales and activities, thus increasing its operational costs and reducing profitability;
- risk linked to behavioral changes of stakeholders: regulatory changes and the common aim of customers, investors and shareholders to reduce CO_2 emissions are becoming increasingly important for companies whose product offerings and activities have minimal impact on the environment. Most public or private calls for tender include criteria on environmental performance and particularly on the carbon footprint of the products or services delivered. Article 173 of the French energy transition law requires institutional investors to transparently disclose how environmental, social and governance criteria are considered in their investment decisions.

LOW-CARBON STRATEGY

Every year Quadient measures its carbon footprint according to the Greenhouse Gas (GHG) Protocol methodology. Until now, all emissions linked to energy consumption on company sites (scope 1 and 2), business trips of employees, downstream and upstream goods that are transported and use of hardware products (scope 3) were taken into account. In 2020, to further develop its approach, Quadient conducted a life cycle analysis for the main category of its hardware and software solutions and achieved a complete inventory of its scope 3 emissions. The Company has excluded several categories that are not relevant for the calculation of scope 3 emissions such as downstream leased assets, investments and franchises. The scope 3 results must be considered as orders of magnitude, the level of uncertainty remaining high.

The Company's total emissions (scope 1, 2 and 3) were estimated, for 2018, at approximately 121,300 teq CO_2: 11,105 teq CO_2 for scope 1 emissions (9%), 6,516 teq CO_2 for scope 2 and 103,700 teq CO_2 for scope 3 emissions. The Company's main scope 3 emissions come from the following categories: purchases of goods and services (around 44%), use of sold products (around 21%) business trips and employee commuting (around 8% and 9% respectively).

In 2020, Quadient set its targets (baseline 2018) to reduce its GHG emissions at a pace that meets the "well below 2°C" trajectory requirements. As part of its low-carbon strategy, the Company has committed to two relevant and ambitious long-term targets:

- reduce its absolute CO_2 emissions related to scope 1 and 2 by 28% by 2030, *i.e.* an absolute reduction of 5,020 teq CO_2 compared to 2018, which implies a reduction at constant scope of 6% each year;
- reduce its intensity CO_2 emissions per €m revenue by 40% by 2030 compared to 2018 for targeted scope 3 categories: use of sold products, purchase of goods and services, business trips and employee commuting. This implies an intensity reduction at constant scope of 4% per €m of its CO_2 emissions each year.

Reducing CO_2 emissions related to scope 1 and 2

Several initiatives have been taken to reduce the total energy consumption and improve energy efficiency such as replacement of equipment by more efficient equipment, replacement of bulb lights by LED lights, renovation of buildings, and virtualization of servers. Wherever possible, air conditioning systems are replaced with refrigerant gas having a lower global warming potential. Some legal entities have also taken measures to optimize their vehicle fleet and implemented a car fleet policy. Quadient UK is implementing a dynamic call scheduling software for field service engineers to allow less driving time on the road through efficiency planning, optimized travel time and less fuel consumption. CO_2 emissions related to Scope 1 and 2 materially decreased by 36.7% and 23.7% respectively between 2018 and 2020, due to exceptional COVID-19 environment, following notable improvements in 2019.

Reducing CO_2 emissions related to business trips and employee commuting

In 2020, business trips account for 2,118 teq CO_2, down by 78% compared with 2019. In addition to the reduction in travel and commuting as a result of COVID-19, Quadient is continuing its action plans aimed at promoting teleworking and fostering low carbon transportation. In 2020, the health crisis and lockdown in different countries accelerated the rollout of teleworking within the Company. During 2020, approximately 79% of employees worked entirely from home.

Initiatives	Main achievements
Reduce consumption and improve energy efficiency	• 43% of the Company's entities are ISO 14001 certified, including 100% of its industrial sites. • Use of high-energy-efficiency or BREEAM certified premises: Bagneux, Rueil-Malmaison (France), Stratford (UK), Milford (United States); reduction of 2.25% in the surface area occupied by the Company compared to 2019. • Replacement of obsolete equipment, investment in higher performance and approved equipment (boilers, heat pumps, heat recovery compressors), renovation of buildings (external insulation), installation of presence sensors, LED lighting. • Increased awareness of eco-friendly ways of working amongst employees. • Virtualized operation of IT servers. • Drop in energy consumption of 16.8% compared to 2019 at the same perimeter (21,803 MWh in 2020 compared to 26,200 MWh in 2019).

Initiatives	Main achievements
Reduce the impacts of freight transport	• Ecodesign of products: reduced product weight and optimized packaging volume in relation to product size. • Operation to bring some Asian production activities back to Europe (Le Lude and Loughton), at the same time reducing the effects of international deliveries. • Optimized planning and procurement systems: checking the fill rate of containers, monitoring transport methods between sea and air freight. • Selection of carriers with eco-friendly logistics (optimized delivery runs, fuel economy).

LOW CARBON ENERGY

Quadient Canada has a multi-year agreement with Bullfrog Power, the leading green energy supplier in Canada. This partnership reduces Quadient's carbon footprint by supporting renewable energy projects. The principle involves supplying the Canadian electricity grid with a quantity of renewable energy equivalent to that consumed by all Quadient sites in the country. The initiative helps to reduce energy generation by facilities that use fossil or nuclear fuels. Every kWh of power consumed is matched by the supply of one kWh of energy from a renewable source. The green electricity generated by wind or hydraulic power is considered to be non-polluting sources that emit no CO_2. Biogas comes from methane recovered from landfill waste sites and is also considered as not emitting CO_2. In addition to the organization's emissions, Quadient Canada is also considering emissions related to the use of its products by its customers. Each postage meter and mailing system model was tested to determine the total annual power consumption. Based on this calculation, Quadient Canada is committed to injecting the same amount of green electricity to the power grid on an annual basis, for the duration of the initial lease or rental agreement. Several other Quadient entities have made the choice to use renewable energy such as Quadient Sverige in Sweden, Quadient Switzerland, Quadient UK and Quadient DOPiX Germany. In France, geothermal energy is used to heat part of the Company's headquarters. In 2020, low carbon energy (renewable energy and heating network) accounts for 16.6% of the total energy consumption.

PARTICIPATION IN THE 2020 CDP

Since 2009, the Company has completed the CDP questionnaire. CDP is an organization that manages a global information publication system allowing businesses to assess and compare their environmental policies. It evaluates companies' management and performance in terms of climate change and ranks them from D (lowest) to A (highest). In 2020, Quadient obtained a score of 'B' for the third consecutive year, corresponding to Management level and thus positioning Quadient above the average of companies in general in France and Europe (average score of 'B-').

Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint

Circular economy refers to a set of practices enabling the protection, better use and less waste of natural resources. It is a global initiative that aims to change the paradigm concerning the so-called linear economy. At Quadient, it translates into the following actions:

ECONOMICS OF FUNCTIONALITY

The economics of functionality is the offering or sale of the use of goods or a service rather than the goods itself. The aim is to develop integrated solutions for goods and services with a view to sustainable development. This way, trade is no longer based on the transfer of ownership of goods, which remain the property of the manufacturer throughout its life cycle, but on the consent of users to pay a use-value.

Quadient's business model is in keeping with this rationale. It is based on the provision of mail handling services (rental or leasing) such as envelope inserting and franking rather than the sale of equipment. Services usually include maintenance management and the supply of print cartridges. In this way, the products used to provide these services to customers still belong to Quadient and are recovered at the end of the contract or at the end of their life. There is the opportunity to place these products back on the market once they have been remanufactured.

ECODESIGN OF PRODUCTS

Quadient's ecodesign policy aims, in particular, to improve energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products to minimize their impact on the environment throughout their life cycle.

The high level of sustainability and reliability of the parts and components employed enables the Company to adhere to the principles of the circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than disposal. To that end, Quadient has incorporated strict ecodesign rules into its design and development processes. These allow the Company to identify the product life cycle phases, technologies and components that have the greatest impact on the environment. Furthermore, the efforts made have yielded very encouraging results concerning the environmental gains of new generations of products, demonstrating at the same time significant economic benefits.

Today, all franking machines and folders/inserters ranges benefit from this ecodesign approach.

PRODUCTS REMANUFACTURING

Remanufacturing marks a new stage in Quadient's environmental strategy, as part of a global circular economy approach. This is an industrial process in which a product is recovered from the field (*e.g.* product at the end of a contract, demonstration, exchange) and then inspected, dismantled, cleaned, and upgraded in terms of functionalities (hardware and software). Worn parts are replaced with new parts or parts that have been remanufactured. Once reassembled, the product is tested and packaged. These remanufactured products are therefore equivalent to new products offering the same technical characteristics and reliability. They are then placed back on the market with the same warranty as new product.

In 2020, Quadient carried out life cycle assessments on a range of postage meters and folder inserters. This study, conducted by independent experts, showed that a remanufactured machine results in an environmental gain of up to 50% in terms of greenhouse gases (GHG) generated throughout its life cycle when compared with a new machine.

Over and above environmental impacts and raw material savings, product remanufacturing is part of a virtuous approach that allows Quadient to keep workers in jobs at the Company's production plants and gives the Company greater control over the quality of machine products installed in customers' premises.

WASTE MANAGEMENT

The waste generated by the Company comes mainly from manufacturing and logistics operations as well as the products it places on the market. This includes packaging waste, used consumables, spare parts and end-of-life products. As a responsible producer of hardware products, Quadient strives to reduce waste at the source, throughout its manufacturing operations, and ultimately avoid its products ending up in landfill. To this end, the Company has implemented take-back programs for equipment and consumables.

Initiatives	Main achievements
Ecodesign of products	• Ecodesign policy rolled-out within project and R&D teams for franking and inserting machine product lines.
Remanufacturing of products	• Introduction of global reverse logistics to collect end-of-lease/ rental, end-of-life products. • 24,072 products remanufactured in 2020.
Reuse and recycling waste	• 972.84 tons of non-hazardous industrial waste in 2020 (*vs.* 1,230.03 in 2019). • 18.54 tonnes of hazardous industrial waste in 2020. • 97.7% of industrial waste valorized (*vs.* 95.6% in 2019) of which 86.4% recovered for material in 2020 (in 2019 material recovery represented 90%). • 706 tons of WEEE (Electrical and electronic equipment waste) in 2020. • Implementation of a franking machine consumables collection process in the United States, Canada, France, United Kingdom, Ireland, Benelux and Germany. • 29.6% of franking machines supplies collected from customers.

5.1.6 BUILD THE BEST CUSTOMER EXPERIENCE POSSIBLE BY OFFERING INNOVATIVE, RELIABLE AND SUSTAINABLE SOLUTIONS

Quadient is part of a sector that is facing many challenges such as a decline of the mail market, digitalization, and management of the last-mile parcel delivery as e-commerce surges. In light of these trends, the Company is committed to building the best customer experience by offering reliable and secure solutions and creating value for customers with sustainable and innovative solutions.

Quadient's main challenges in terms of its customers and partners include customer satisfaction and innovation, as well as reliability, availability, solutions, services and safety of those solutions and services. These challenges are addressed from the design of solutions and services offers and are reflected in ambitious objectives, which are monitored regularly.

Ambitions & targets 2021-2023

Ambitions	KPIs	2020 Results	Targets 2021-2023
Deliver high quality, reliable and secure solutions	Overall customer satisfaction	97%	>95%
Leverage technology to consistently innovate and improve Quadient's portfolio of solutions	% of revenue invested in R&D	5.3%	>4.5% of annual revenue

Leverage technology to consistently innovate and improve Quadient's portfolio of solutions

Innovation is at the heart of Quadient's strategy. In 2020, the Company devoted 5.3% of its revenue to research and development. An Innovation team is dedicated to studying and building new technologies and assets that will become the foundation of new activities or transform existing activities. Among the leading trends expected to have the largest impact in the coming years are artificial intelligence, virtual and augmented reality, and machine learning technology.

Regular user conferences and workshops enable Quadient to present new technologies and updates to its customers and partners and discuss their needs and expectations. The Company is the owner of its trademarks and has 304 families of patents published. Quadient registered eight patents in 2020.

Initiatives	Main achievements
Innovation with and for partners	• Organization of several innovation workshops with partners each year.
Innovation culture disseminated among employees	• Organization of internal workshops and hosting information on the Internet raises employees' awareness of innovation.
Investments in innovation and R&D	• Quadient invested 54,9 million euros in R&D in 2020.
Intellectual property management policy and organization	• Dedicated in-house intellectual property team. • Patent committee. • Policy rolled-out across all R&D sites.
Patent filling	• Portfolio of 304 patent families and 8 patent applications filed in 2020.

FOCUS ON DIGITAL SOLUTIONS

Business Process Automation solutions

Quadient's Business Process Automation solutions, a core pillar of the company's Back to Growth strategy, provide small and medium businesses (SMBs) access to digital capabilities and automation tools previously available only to large enterprises. In 2020, Quadient took a leap forward in executing its strategic plan with the launch of Quadient Impress, a cloud-based multichannel document automation platform for SMBs. Quadient Impress brings together many independent product capabilities and the results of years of investment in omnichannel communication technologies. This innovation delivers customers a comprehensive solution to help automate their business processes, gain operational efficiencies, and provide a better customer experience. The Quadient Impress platform takes SMBs to the next level, accelerating companies in their transition to more digitalized and automated processes. This launch was followed by the release of Quadient Impress Distribute, a document delivery solution that enables automation and distribution of mail from virtually anywhere, without ever touching a piece of paper, freeing up employees to focus on core business and higher-value tasks.

Customer Experience Management solutions

In February 2020, the Company announced the general availability of Quadient Inspire Release 14 (R14), its most advanced and comprehensive release to-date. This Customer Communications Management (CCM) platform helps organizations create and deliver personalized, compliant customer communications across digital and traditional channels, from one centralized hub. Quadient Inspire has over 1,100 enhancements and new features built around four fundamental issues: simplifying the user experience; enhancing the personalization of communications; improving interoperability for more robust integration of data and content; and scaling capabilities in-cloud and on premise to enable communications to get to market faster with greater flexibility and highly scalable performance. In 2020, Quadient also announced the following partnerships to nurture and develop innovations:

- Duck Creek Technologies, a global provider of SaaS solutions for the insurance industry. This collaboration will boost the digital transformation initiatives of insurance companies thanks to the integration of Quadient's Customer Experience Management solutions with Duck Creek's Claims management software.
- Infosys, a global provider of next-generation digital services and consulting. This partnership aims to leverage and supply Quadient solutions to provide businesses with the leading omnichannel Customer Communication Management (CCM) platform and the capability to meet complex communication needs, while being aligned to their customer experience strategy. Additionally, Infosys and Quadient will jointly develop innovative solutions in the Customer Experience Management space, making demonstrations available at Infosys technology and innovation hubs.
- Quadient has partnered with Kitewheel, a Leader in The Forrester Wave™: Journey Orchestration Platforms Q2 2020, to offer an enriched solution for managing the most important steps and interactions within a customer's journey. The new solution, Quadient Customer Journey Explorer, developed by Quadient's Customer Experience Management team, provides unified management of vital customer communication touchpoints, making it possible to understand, measure and optimize each journey to increase customer acquisition, satisfaction and retention.

FOCUS ON SMART HARDWARE SOLUTIONS

Mail-Related Solutions

In June 2020, Quadient announced the launch of the iX-Series Mailing Systems and SMART Mail Center software in the US, designed to meet the needs of small, medium and large businesses across a variety of industry verticals. The new series brings customers additional features and technology updates while meeting the latest requirements of the United States Postal Service. This development initiative is part of Quadient's objective to extend its leadership in the mail industry in the US, as outlined in the frame of its Back to Growth strategy.

Parcel Locker Solutions

Parcel Locker Solutions provide an automated workflow to facilitate the package delivery and return process from home delivery and click & collect for retailers, to pick-up and drop-off (PUDO) automation for carriers. Quadient delivered many innovative projects related to Parcel Lockers, focusing on smart lockers, user experience, mobile apps, security and simplicity. Combining the expertise of US-based Parcel Pending, acquired in 2019, with its long-standing global leadership in Parcel Locker Solutions for carriers, retailers, commercial buildings or universities, Quadient has adopted the "Parcel Pending by Quadient" brand across its entire parcel locker portfolio in North America and Europe since June 2020.

In June 2020, Quadient announced the simultaneous launch in France, Japan, the UK and the US of Parcel Locker Lite™, a new series of compact and modular parcel lockers, designed to facilitate the roll-out and accelerate the adoption of Parcel Locker Solutions at an affordable cost by customers with smaller floor areas and lower volumes of parcels.

In 2020, Quadient also announced the launch of Parcel Pending by Quadient for multi-tenant residential buildings across the UK. The customizable parcel locker systems provide seamless management of incoming packages through an automated parcel process, securing delivery, storage, and pick-up, enhancing resident satisfaction, and improving operational efficiency.

Design cutting-edge sustainable solutions to help our customers fulfil their needs while contributing to sustainable development

PRODUCT ECODESIGN

In 2006, Quadient introduced an ecodesign policy to reduce the impact of its products throughout their life cycle. This policy is now an integral part of the corporate strategy. The Company gives careful consideration to energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products. The high level of sustainability and reliability of parts and components enable the Company to adhere to the principles of a circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than their disposal.

Today, all new office franking machines and folder/inserter ranges benefit from this ecodesign approach.

INNOVATIVE AND SUSTAINABLE SOLUTIONS

Quadient continually strives to propose innovative solutions that respect the environment. The boom in e-commerce and its impact on the use of cardboard and packaging materials have led the Company to design and create innovative solutions for market players.

SHIPPING INNOVATION

As consumers grow more conscious about the environmental impact of their purchasing decisions, a sustainable order fulfilment process becomes an integral part of minimizing a company's negative environmental impacts.

The Company has designed and developed automated packaging solutions that make made-to-measure parcels in real-time. Those solutions, named the CVP Automated Packaging Solutions, have significantly reduced the ecological impact of the supply chain by reducing the empty space in both packages and trucks.

In 2020, Packaging by Quadient launched the high-velocity CVP Everest, a cutting-edge solution that creates fit-to-size packages. It reduces package volumes by up to 50**%**, enables savings of up to 20**%** of packaging materials and completely eliminates void fill. The corrugate package can also be more easily recycled compared to taped packages. By creating the smallest parcel possible, more orders can fit in each trailer, greatly reducing a retailer's carbon footprint.

Since 2016, Quadient has been singled out among logistics and packaging professionals, being awarded prizes in France and the US. In 2020, the CVP Automated Packaging Solution received several awards including:

- Green Supply Chain Award: this award recognizes companies which make sustainability one of their strategic priorities and who work tirelessly to obtain quantifiable environmental results for their own operations and supply chain. This award also recognizes providers of supply chain solutions and services that assist customers in conducting quantifiable sustainable development activities.
- Inbound Logistics' Green Supply Chain Partner Award: this award highlights companies that are dedicated to developing sustainable innovations with measurable results that are socially and environmentally friendly.
- Sustainability Awards program: Quadient's CVP Everest was named a 2020 Sustainability Product of the Year by Business Intelligence Group. This award honors organizations that have made sustainability an integral part of their business practice or overall mission.
- Parcel and Postal Technology International Award: the CVP Everest was selected as the Sorting and Fulfillment Technology of the Year by the 2020 Parcel and Postal Technology International, which recognizes the latest developments in the postal sector.

ANSWERING TO THE ISSUES OF THE LAST MILE DELIVERY AND RE-DELIVERY

E-commerce expansion led to a swift uptick in delivery volumes as e-commerce sales steadily rose during 2020. This increase had already placed enormous strain on cities, which struggled with increased pollution and road congestion from delivery trucks. Post-COVID-19, this upward trend will continue, meaning that many urban centers will need to put in place scalable, smart infrastructure to help combat the negative implications of soaring parcel volumes.Parcel lockers answer several infrastructural difficulties modern cities are facing due to higher volumes of e-commerce deliveries, by reducing missed deliveries and reducing the CO_2 emissions related to the re-delivery of parcels.

Parcel lockers are installed around the city at places with high levels of foot traffic, such as train stations, metros, or popular shopping areas. Parcel lockers create a centralized pick-up point where multiple deliveries are made to it by the carrier for collection by recipients. This effectively eliminates delivery drivers from having to make multiple stops, as well as the potential for failed first delivery attempts. In addition, parcel lockers can also act as a drop-off point, where consumers can make returns or send other personal parcels.

Deliver high quality, reliable and secure solutions to customers

RELIABILITY OF PRODUCTS

Quadient ensures the quality, reliability and availability of its products and solutions delivered to customers. All of the Company's R&D, manufacturing and logistic sites are ISO 9001 certified. This means that from design to after-sales service, operating procedures are deployed, and rigorous controls are applied to ensure a high level of product performance.

PRODUCT SAFETY FOR USERS

Quadient takes great care in assessing the safety of the products it places on the market and complies with all European and international regulations. These requirements are taken into account during product development. Approval and qualification tests are first carried out internally before being confirmed by independent external laboratories. Externally conducted tests make it possible to ensure product safety. Tests mainly cover compliance with UL ("Underwriters Laboratories") requirements, Russian GOST-R regulatory requirements and EC requirements regarding electromagnetic compatibility (directive 2004/108/EC), limiting the voltage used in electrical equipment (directive 2006/95/EC "Low voltage") and the restriction of the use of certain hazardous substances (directive 2011/65/EC "RoHS").

Other external tests make it possible to check compliance with electromagnetic compatibility (EMC) requirements, with US Federal Communications Commission (FCC) requirements and with the Australian c-tick label guaranteeing low exposure to electromagnetic fields. Tests are also conducted on product sound emissions, on drop tests and on compliance with "Energy Star" requirements. "Energy Star" is a label created by the US Environmental Protection Agency (EPA) and recognized by the European Union. It sets out energy consumption criteria to improve the energy efficiency of office equipment. This efficiency depends on electricity consumption of products in use and in sleep mode.

The regulatory guidance regarding electrical and electronic equipment regularly evolves at both European and international levels. Quadient's active participation in the professional organizations of the French Information Technology Industry Union (AFNUM) and the working meetings of the National Authority in France allows the Company to follow these developments and anticipate future changes. Among the regulatory texts with which the Company must comply, particular attention is paid to the RoHS and WEEE EU directives, the French decree on the use of nanomaterials (now applicable) and the REACH regulation.

MEASURING CUSTOMER SATISFACTION

Every year, Quadient conducts a series of customer satisfaction surveys for Mail-Related Solutions (MRS), Business Process Automation (BPA) and Customer Experience Management (CXM) activities.

For MRS, the last wave was conducted among 1900 Quadient customers several months after the pandemic started. This survey was performed over the phone in the Company's main countries (USA, UK, France), working with an independent market research agency. The purpose was to evaluate customer base trends regarding Mailing and Document Systems and to propose action plans to continue to satisfy customers. In total, more than 40 criteria were evaluated on a satisfaction scale of 1 to 5, and the impact of each criterion is calculated according to its contribution to overall satisfaction, allowing to improve the most important areas on which customers express expectations. For CXM and BPA activities, yearly surveys are usually conducted due to smaller base of customers. In October 2020, around 250 customers were interviewed for CXM and also for BPA. Also, many criteria of satisfaction are assessed with scrutiny by the Group's customers.

Through these surveys, Quadient assesses its strengths and weaknesses, as well as their importance for the customer, to determine priority areas for improvement. Actions plans are then prepared and managed both at corporate level (mainly R&D) and at the "operations" level. These plans focus on two complementary areas: the product range and all customer-facing processes.

To complement these surveys, on-the-spot surveys are conducted just after an interaction with a customer (*e.g.* maintenance intervention, a request managed by the call center) to measure customers' satisfaction in real time, to deep dive into transactional key processes and to respond quickly to any customer dissatisfaction. Regarding the Parcel Lockers, Parcel Pending (operating in the United States) runs post-interaction surveys to evaluate customer service; for almost all the business lines, post-maintenance surveys are conducted following the support provided to customers. Survey results are shared with employees. According to the most recent surveys, the overall customer satisfaction rate was 97% in 2020.

Regarding the perception of the brand by MRS and CXM customers, Quadient is seen as a trusted partner, a company caring about its customers and a CSR compliant company. In 2020, new survey questions regarding CSR topics have been introduced to understand if Quadient is perceived as a socially responsible company towards employees, customers and communities and as a Company that seeks to limit is impact on the environment.

Initiatives	Main achievements
Customer satisfaction	• 97% of customers were satisfied in 2020. • 97% for Customer Experience Management (CXM). • 97% for Mail Related Solution (MRS). • 93% for Business Process Automation (BPA).

5.1.7 ENGAGE AND SUPPORT LOCAL COMMUNITIES

In 2020, Quadient continued to undertake volunteer and corporate philanthropy initiatives to support local communities. A total of 74,939 euros were collected for projects of general interest in sectors such as education, health and social assistance, and inclusion & diversity. These reflect the many sponsorship and volunteering actions identified in qualitative questionnaires sent to Quadient's different subsidiaries. Indeed, some of the subsidiaries have been giving their employees time to support charitable projects for several years. Furthermore, despite the COVID-19 pandemic making it difficult to hold in-person events, virtual charity events and challenges were organized.

Ambitions & targets 2021 - 2023

Ambitions	KPIs	2020 Results	Targets 2021 - 2023
Embody the company's values by supporting our communities in the fields of Education and Decent Employment, Inclusion and Diversity and the reduction of waste and pollution	Hours spent by employees supporting communities	150 hours[a]	>5,000 hours
	% of employees involved in volunteering & sponsorship projects	NC[a]	>25% of employees
	Total amount of financial donations to Non-Profit organizations	€74,939	>€100,000

(a) Due to the COVID-19 pandemic, a significant level of charity actions and events have been postponed to 2021 or replaced by online events that have not been tracked. A new platform is being implemented in 2021 to better monitor the Company's efforts.

Embody the Company's values by supporting communities in the fields of Education & Decent Employment, Inclusion & Diversity and the reduction of waste and pollution

BUILDING A PHILANTHROPIC PROGRAM AT CORPORATE LEVEL

In May 2020, the CSR team ran a global survey to understand how to best increase Quadient's engagement in its communities. Quadient received 660 replies, which represents around 10% of its employees among 26 countries mainly in the USA, France, UK, Germany, and Czech Republic. Five top causes came out of the survey and three were finally adopted in the fields of Education & Decent Employment, Inclusion & Diversity and the Reduction of Waste and Pollution. Furthermore, the most popular types of engagement reported were volunteering and skills-based sponsorship, followed by donations and fundraising.

Over 80% of respondents said they would be interested in supporting local communities.

Based on the strong interest shown by employees, Quadient decided to take the next steps to build a unified philanthropy program at corporate level. In 2021, this program will take shape with the support and sponsorship of the Strategy & CSR Committee, the Board of Directors and the Executive Committee. In this context, a call for tenders was launched in September 2020 to find a Community engagement platform that allows employees to engage in volunteering or sponsorship projects and tracks engagement towards communities at corporate level. This platform will be progressively deployed worldwide from April to the Summer 2021.

At the end of 2020, Quadient also began to define a philanthropy policy aligned with its values and to identify an international community network to deploy the program and to train employees on the platform. The main objective is to deploy a philanthropic program with charity events at local or corporate level but also skills-based sponsorship, in-kind donations, financial donations, volunteering, but also to develop a dialogue with communities and to start measuring the social impact of the Company.

ORGANIZING FUNDRAISING EVENTS IN HONOR OF INTERNATIONAL WOMEN'S DAY 2020

Quadient held celebrations and fundraising events in over 20 countries in honour of International Women's Day 2020, raising money for local women's charities, in line with its values and the cause of Diversity & Inclusion.

Quadient raised 5,000 euros and received numerous donations of clothing and shoes for local associations that support women. The Company supplemented this fundraising effort with a donation of 5,000 euros to Dress for Success, in anticipation of a growing urgency for services given the rise in unemployment due to the COVID-19 pandemic. Dress for Success is a global-non-profit organization that empowers women to achieve economic independence as economies reopen and organizes solidarity initiatives to support employees during the crisis. The structure provides a network of professional support and development tools to help women thrive in work and in life.

Also, as part of International Women's Day, Quadient employees in Canada came together to support Red Door Shelter, a local shelter for women and children in the community. In the USA, the Milford office held a hygiene item donation drive for New Reach, an organization dedicated to helping women and children facing homelessness or at risk of becoming homeless. While the effort was slowed down by the COVID-19 lockdown, employees still managed to gather dozens of items for donation. Also, during an International Women's Day event in the Company's headquarters in Munich, employees raised 1,000 euros for local organization Frauenhilfe München (Women Help Munich). Frauenhilfe München has been providing information, advice, protection, and support to women who experience violence in their relationship since 1978. The women's shelter and advice center are open to women in their different life situations. Quadient will pursue these philanthropic initiatives in 2021, as part of its new "Empowered Communities" program.

DEPLOYING SPECIFIC SPONSORSHIP AND VOLUNTEERING INITIATIVES DURING THE COVID-19 PANDEMIC

In 2020, Quadient also contributed to initiatives related to emergencies such as the COVID-19 pandemic.

Quadient donated various equipment, supplies, and services, together with 12,500 euros in financial support, to multiple organizations in the US, France and the UK that are fighting social isolation faced by the elderly and enabling senior residents to maintain a correspondence with their loved one with the help of volunteers.

For instance, the Company supported the following three operations to support the elderly and vulnerable: "1 lettre 1 Sourire": words of love, photos or drawings were created by volunteers to light up the hearts of visit-deprived senior residents living in facilities in France, Belgium, Luxembourg, Switzerland and Canada. Quadient donated 2,500 euros to cover the association's printing and administrative costs.

"Love for the elderly": the organization's "Letters of Love" campaign collects cards and letters written by volunteers at a central hub in Cleveland, Ohio, and then mails them to senior communities across the United States. Quadient's donation included the following: a letter opener IM-16C, one Installation and two years of service, 2,500 euros to cover the cost of sending batches of mail and 2,500 euros to cover administrative costs.

"Omega's A Letter from Louise": volunteer letter writers are matched with an elderly recipient in the UK. A freepost envelope is included so the recipient can write a return letter. Quadient's donation included the following: one IN-360 franking machine, its installation and two years of service, eight ink cartridges, 2,500 euros of postal funds included in the machine and 2,500 euros to cover administrative costs.

These initiatives are just several of many efforts undertaken by Quadient's employees during this difficult time. In the Czech Republic, Quadient's team of software professionals dedicated their time and skills to develop software on a pro bono basis for University Hospital Hradec Králové. The team built a resource planning and optimization application for COVID zone at he hospital, in response to an urgent request from the hospital given rapidly changing staff availability. Quadient's local team delivered the application in just 96 hours.

In the United Kingdom, Quadient provided 3D printing of thousands of protective masks and raised funds for National Health Service charities *via* a run/walk event. Also, when schools initially closed in March 2020, BBC helped members of the public to donate thousands of old devices to schoolchildren across the country *via* the "Give a laptop" initiative. Companies throughout England, including Quadient, supported this campaign by donating old devices, which has made a massive difference for the pupils concerned. In France, Quadient Shipping and Quadient Industrie France provided masks to different organizations and structures. In Norway, a Quadient employee leveraged his expertise in 3D printing to help frontline workers. With his ingenuity, he was able to 3D print the plastic outline of a visor, which attaches to a translucent folder divider, to create a protective visor. As a result, he created more than 8,000 protective visors for healthcare workers. His time represented five hours and 5,000 euros.

PURSUING SPONSORSHIP AND VOLUNTEERING INITIATIVES WORLDWIDE

For many years, Quadient in the USA has offered its employees the opportunity to participate in the fight against cancer through the Community committee, with charity walks such as the "Breast Cancer Walk" or "Making Strides against Breast Cancer", the largest network of breast cancer events in the United States. These initiatives bring communities together in the fight against this deadly disease and raise funds for the American Cancer Society, which conducts breast cancer research and provides patient services such as free travel to chemotherapy sessions, free places to stay near treatment centers and a 24/7 helpline. Unfortunately, the majority of these events were cancelled in 2020 due to the COVID-19 pandemic. However, Quadient supported various fundraising initiatives in other ways.

In the USA, Quadient raised money for New Reach, a social agency that helps thousands of vulnerable people and households achieve stability and self-reliance. The agency provides a wide range of housing and services that meet the varying and complex needs of homeless families, young people and individuals. Quadient Inc. also organized a virtual event called "Thank a front-line worker".

Since 2007, Quadient France has supported the SOS Children's Villages association through a product-sharing operation with Neotouch. In 2020, Quadient France renewed its support for the association by donating 20,000 euros to help finance renovation work in various reception areas. In addition, Quadient S.A. made an exceptional donation of 10,000 euros to support international educational programs.

In France, some employees had the possibility to support the French Red Cross by donating some of their Edenred “Tickets-restaurants” to help people in social isolation during lockdown or curfew. This operation will be extended in 2021.

In Germany, as in 2019, several employees joined the Health Day in Munich in partnership with DKMS, the German bone marrow donor file, an organization working to defeat blood cancer. Some Quadient employees registered as donors on the day and were educated about workplace health. Quadient CXM Germany also organized a Community Day in Haar. Given COVID-19 restrictions, the Day was organized differently to previous years. For example, colleagues were called upon to carry out ‘good deeds’ in everyday life within their immediate surroundings. In addition to donation boxes for the board and animal welfare association Ingolstadt, other forms of engagement were encouraged. Colleagues' ideas were diverse and ranged from simple, everyday neighborhood assistance in the form of "Share the Meal" donations to tiger sponsorships at WWF and far-reaching social commitments such as filling out organ donation cards.

Quadient Ireland is also committed to the fight against cancer by supporting the Irish Cancer Society. In Dublin, employees took part in “Run in the Dark 2020” to benefit the Mark Pollock Trust. The Trust's mission is to find and connect people with spinal cord injuries around the world to accelerate the development of a cure for paralysis. Some employees participated in the “Great Pink Run Ireland”, a virtual and socially distanced 5 km run in Dublin, raising much needed awareness and funds. Quadient Finance Ireland and the Management team donated their free time to organize a coffee morning and cake sale. The team raised just under 3,000 euros for sponsored charity Tallaght Cancer Support Group. Quadient Ireland also supported the Capuchin Day Centre for Homeless People and all Quadient Ireland employees made a donation of clothes, food, toys, toiletries to the center. In addition, Quadient Ireland organized a mobile phone sale, whereby they sold returned company mobile phones to employees. Money raised was donated to the Irish Cancer Society. Money raised *via* a raffle amongst staff members was donated to the charity ALONE, which supports older people to age at home. It does this by providing befriending services, age-friendly housing and technology and community supports to create connections between older people and the support organizations they need.

Quadient Canada has been part of Canadian Blood Services' Partners for Life program since 2014. This is a national, independent, not-for-profit organization that manages Canada's blood supply system. Other charitable initiatives are undertaken by Quadient Canada employees, such as the Red Door Shelter, a fundraising event to help families in need, and the Helping Hands Food Shelter, a food drive. In England, Quadient Technologies Limited supports the "Make a Wish" initiative. This charity grants wishes for children with critical illnesses. Several fund-raising activities were organized raising a total of 5,114 pounds sterling. Quadient Technologies UK Limited also supported Charity Little Sparks, fundraising for children and young people with complex medical conditions, or who are deemed as having a short life expectancy. The main aim is to provide access to a range of activities and offer a safe place for children and young people to talk, feel included and express themselves through play and craft activities. They also provide support *via* bereavement work with children and young people at home and in school, as well running a bereavement group during school holidays. All 160 staff were encouraged to participate in fundraising events. Due to the COVID-19 situation, Quadient Technologies UK Limited will extend this charity work to 2021.

As part of an Internship program, Quadient UK and Quadient International Supply worked in association with "Career Ready" and a local school called Sacred Heart, as in 2019. One of the students' objectives was to coordinate events to raise money for charities of their choice. As part of this collaboration, there is also an apprenticeship program for graduates in place as well as a policy that allows employees to take up to two days for voluntary work within the community, including working on community projects and with local charities.

5.1.8 OTHER NON-FINANCIAL INFORMATION

The 2020 reporting scope does not include ProShip and Quadient Oceania data, which were divested in 2020 and YayPay acquired in July 2020.

Social data	2020	2019	2018
Headcount by gender[a]			
Women	1,711	1,687	1,717
Men	3,426	3,731	3,829
TOTAL NUMBER OF EMPLOYEES (TEMPORARY/CASUAL EMPLOYEES ARE EXCLUDED)[b]	**5,137**	**5,418**	**5,546**
Headcount by type of contract			
Permanent contracts	5,077	5,325	5,443
Fixed-term contracts	60	93	103
Temporary/casual employees	87	111	207
Breakdown of recruitments and departures[c]			
Recruitments	454	668	704
Departures	646	710	878
Training			
Number of employees involved in one or more training courses in the year	4,128	4,640	4,716
Total number of training hours	63,831	114,350	122,232
Diversity			
Women managers	293	271	281
Men managers	715	756	775
Disabled employees	94	92	80
Absenteeism[d]			
Related to workplace accidents with time off work	0.05	0.12%	0.15%
Related to workplace accidents while commuting	0.03	0.04%	0.04%
Related to occupational illnesses	0.07	0.01%	0.00%
Related to illness (excluding maternity and paternity leave)	5.23%	4.63%	3.59%
AVERAGE GROUP ABSENTEEISM RATE	**5.38%**	**4.8%**	**3.77%**
Workplace accidents			
Number of workplace accidents	78	91	90
Workplace accidents resulting in time off work	21	30	35
Number of days lost through accidents resulting in time off work	403	1,175	1,824
Frequency rate of workplace accidents	3.1	4.2	4.7
Severity rate of workplace accidents	0.06	0.16	0.25

(a) *Workforce present as of 31 January with an employment contract with an entity of the Company (excluding temporary employees and interns).*
(b) *Total headcount as of January 31, 2021 without the headcount of the legal entities not included in the scope of the CSR reporting as described in the methodological note in the section 5.1.9.*
(c) *Hires and departures within the internal mobility are not taken into account.*
(d) *Absenteeism rate has been calculated in working days.*

Environmental data	2020	2019[a]	2018[a]
Water *(in m³)*	**33,025**	**41,789**	**47,402**
Energy *(in MWh)*			
Electricity consumption	12,728	16,055	17,224
Gas consumption	6,757	8,897	10,981
Heating network consumption	2,259	2,352	1,555
Fuel oil consumption	59	140	147
TOTAL ENERGY CONSUMPTION *(IN MWH)*	**21,803**	**27,444**	**29,909**
Scope 1 direct emissions *(in teq CO_2)*			
Emissions related to company vehicles	5,146	7,713	8,313
Emissions related to natural gas combustion	1,039	1,430	1,745
Emissions related to refrigerant gas	843	1,088	1,081
Emissions related to fuel oil combustion	14	33	34
TOTAL SCOPE 1 *(IN TEQ CO_2)*	**7,042**	**10,264**	**11,173**
Scope 2 indirect emissions *(in teq CO_2)*			
Emissions related to electricity purchased	4,360	5,921	6,353
Emissions related to urban heating purchases	612	575	404
TOTAL SCOPE 2 *(IN TEQ CO_2)*	**4,972**	**6,496**	**6,757**
Scope 3 other indirect emissions *(in teq CO_2)*			
Emissions related to upstream and downstream freight transportation[b]	2,675	2,834	3,447
Emissions related to business travels	2,118	9,574	9,202
Emissions related to employees commuting[c]	6,115	8,555	Not available
Emissions related to the purchase of goods and services[d]	47,132	42,973	45,754
Emissions related to the use of sold products[e]	20,979	18,482	22,035
Waste related to industrial activities *(in tons)*			
Non-hazardous industrial waste	972.8	1,230.0	1,356.9
Hazardous industrial waste	18.5	10.3	18.8
TOTAL INDUSTRIAL WASTE *(IN TONS)*	**991.3**	**1,240.3**	**1,357.7**
% of waste recovered[f]	**97.7%**	**95.6%**	**99.6%**
Electrical and electronic equipment waste *(in tons)*	706	766	782
% of waste recovered[g]	75%	75%	78%

(a) *The 2018 and 2019 data were revised downwards due to the adjustment of certain values and emission factors.*

(b) *The data concern upstream and downstream transport managed by the Company. Transportation managed by Quadient entities locally was not taken into account.*

(c) *In 2019, a survey was conducted at Company level to evaluate the greenhouse gas emissions generated from employee daily journeys between home and work. The results of this survey were scaled to estimate global commuting emissions for Quadient. In 2020, the emissions were estimated based on the results of the 2019 study by country, the number of days of lockdown for each country and the percentage of employees working entirely from home during the lockdown. The data is overestimated and should be treated with caution. Due to the health crisis, the majority of employees were teleworking even between the lockdown periods.*

(d) *The data related to our hardware solutions were extrapolated from the Life Cycle Analysis conducted in 2020. The emissions relative to corporate functioning were calculated by multiplying the spend data for each categories of services by the corresponding conversion emission factors as outlined in the Base Carbone®*

(e) *The data were extrapolated from the LCA conducted in 2020 on the main hardware and software solutions. The calculation is based on the annual consumption of hardware solutions during its use, multiplied by the number of machines placed on the market during the year in a given country. For the software solutions, the calculation is based on the emissions generated by sending email and mail, multiplied by the number of mail and email sent during the year.*

(f) *The data relate to all companies involved in industrial activities: QIF, QTF, QTL, QTN, QISL Byhalia and Parcel Pending.*

(g) *Material recovery and energy recovery.*

5.1.9 NOTES REGARDING METHODOLOGY AND THE CSR REPORTING SCOPE

CSR reporting scope

The information presented below concerns the consolidated entities of Quadient as at 31 January 2021 included in the CSR reporting scope. The reporting scope was established pursuant to articles L.233-1 and L.233-3 of the French commercial code and covers all the company's activities in accordance with the rules defined below. The reporting scope includes all entities under the company's operational control at 31 January of the reporting year and meeting one of the following two conditions:

- all entities with activities related to the supply chain (manufacturing, assembly, customization, purchases and logistics);
- all entities exercising R&D, retail or finance activities, and having more than 25 employees (with the exception of the consolidated reporting scopes for Quadient s.r.o, Quadient Norge, Quadient Germany and Quadient Inc.).

The following are therefore excluded from the scope of reporting: Quadient India, Quadient Finance Ireland Ltd, Quadient Finance France, Quadient Mailing Logistic Systems, Quadient Global Services Ltd, YayPay and Packcity Japan. Thus, 98 people are excluded, representing 1.9% of the total employees of the company. The scope of CSR reporting therefore represents 98.1% of the global workforce. In addition, during the 2020 financial year, ProShip and Quadient Oceania were disvested.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2020 and 2019 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

Reporting process

The reporting process for 2020 was set forth in detail in a CSR reporting protocol for the collection of the necessary quantitative and qualitative information. This protocol was deployed in English in all Quadient entities and is also available on the secured CSR website. It was used to clarify the definitions and calculation methods for each indicator and to detail the steps of the reporting process, as indicated below:

- planning, collection, consolidation of qualitative and quantitative data and consistency check;
- data verification: in accordance with regulations, Quadient submitted the information contained in this CSR report for audit.

In January 2021, as it has been the case every year since 2015, specific "web meetings" were also proposed to entities that wanted to develop certain aspects of the reporting further. Quantitative data was collected from the entities using dashboards and the qualitative data was collected through online questionnaires accessible on the secured website dedicated to CSR benchmarks in the various countries.

CROSS-REFERENCE TABLE WITH THE INFORMATION REQUIRED IN THE NON-FINANCIAL PERFORMANCE STATEMENT

Theme	Pages	Cross-reference with the 2020 universal registration document
Overview of the business model	8 to 9	Introductory booklet
Description of the main non-financial risks related to the Group's activity	102 to 108	CSR strategy and policy
Description of policies designed to prevent, identify and mitigate the occurrence of non-financial risks and the outcomes of these policies, including key indicators	108 to 128	With reference to the mapping of CSR risks, cross-referencing with the eleven priority risks: • Human capital development, talent attraction and retention; • Diversity and inclusive workplace; • Community Engagement; • Health & safety and well-being; • Ecodesign and sustainable products and solutions; • Intellectual property rights; • Data privacy and integrity; • Breach of ethical rules; • Sustainable procurement & Human rights; • Circular economy; • Climate change.
Respect for Human Rights	115	Human Rights
Anti-corruption	115	Prevention and fight against fraud and corruption
Climate change (contribution and adaptation)	118 to 121	Reducing Quadient's carbon footprint
Circular economy	120 to 121	Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint
Food waste, fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food	131	Given the nature of its activities, the Company considers that these topics do not constitute a significant CSR risk and do not justify a development in this document
Collective agreements and impacts	109 to 113	Provide great working conditions where all employees perform at their very best
Fight against discrimination and promotion of diversity	110 to 112	Create a diverse and inclusive culture and be an equal opportunity employer
Societal commitments	126 to 128	Engage and support local communities
Fight against fraud	93	Tax evasion matter is presented in chapter 4 related to Risk Factors and Internal Control

5.2 Independent third party's report on consolidated non-financial statement presented in the management report

Year ended the 31st January 2021

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n°3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31st January 2021 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L.225 102-1, R.225-105 and R.225-105-1 of the French Commercial Code *(Code de commerce)*.

THE ENTITY'S RESPONSIBILITY

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request from the entity's head office).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225 105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF THE WORK

The work described below was performed in accordance with the provisions of articles A.225-1 *et seq*. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[(1)].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III of the French Commercial Code as well as information set out in the second paragraph of article L.22-10-36 regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti-corruption and tax avoidance, personal data protection, responsible procurement, etc.), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Quadient Shipping, Quadient DOPiX Germany, Quadient Technologies UK Ltd, Quadient International Supply Ltd and Quadient UK Ltd;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 11% and 18% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (11% of Waste Electrical and Electronic Equipment, 15% of headcount, 18% of energy consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

MEANS AND RESOURCES

Our verification work mobilized the skills of five people and took place between December 2020 and April 2021 on a total duration of intervention of about 5 weeks.

We conducted seven interviews with the persons responsible for the preparation of the Statement including in particular the Human Resources, Environment, Innovation and Intellectual Property, and Purchasing departments.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, the 5th of May 2021

French original signed by:

Independent third party

EY et Associés

Laurent Vitse	Éric Duvaud
Partner	Partner, Sustainable Development

APPENDIX 1: THE MOST IMPORTANT INFORMATION

Social Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Part of headcount with permanent contract. Retention rate. Training hours. Rate of employees having received at least one training. Absenteeism rate linked to work accident. Share of women in the Group. Share of women managers and Senior Leaders. % of employees benefiting 2 days or more per week of remote working.	Employment (attractiveness, retention). Increasing commitment of employees. Human capital development. Quality of life and well-being in the workplace. Diversity and equal treatment. Employees' personal data security.

Environmental Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Quantity of hazardous / non-hazardous waste produced. Share of recycled materials used. Quantity of waste from electric and electronic equipment (WEEE). Energy consumption. Greenhouse gas emissions (scope 1 and 2).	Eco-design and products remanufacturing. Waste recycling. Actions to reduce carbon footprint.

Societal Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Clients satisfaction rate for Customer Experience Management, Mail-Related Solutions, and Business Process Automation activities. R&D and innovation investment. % of employees that endorsed and completed the training on the Code of Ethics. Number of entities ISO 27001 certified. Rate of suppliers assessed meeting the needs of the supplier's Code of conduct. Hours spent by employees supporting communities. % of employees involved in volunteering & sponsorship projects. Total amount of financial donations to non profit organizations.	Local impact (employment, development, local residents, dialogue…). Engagement with local communities (donations and philanthropic policy). Subcontracting and suppliers (environmental and social issues). Measures taken for the health and safety of consumers. Innovation and conception of sustainable products. Reliability of products of the range of mailing and enveloping machines. Availability of digital solutions. Clients satisfaction. Actions engaged to prevent corruption and tax evasion. Actions to be compliant with GDPR requirements. Responsible procurement policy. Respect of intellectual property rights.

6

FINANCIAL STATEMENTS

6.1 Consolidated financial statements

6.1.1 CONSOLIDATED BALANCE SHEET

CONSOLIDATED ASSETS

(In million euros)	Notes	31 January 2021	31 January 2020
Goodwill – Net	**(4-1)**	**1,026.0**	**1,045.3**
Intangible fixed assets			
Gross value	**(4-2)**	567.6	538.8
Amortization	**(4-2)**	(439.8)	(408.5)
		127.8	**130.3**
Tangible fixed assets			
Gross value	**(4-3)**	599.6	704.5
Amortization	**(4-3)**	(455.1)	(540.7)
		144.5	**163.8**
Assets right-of-use			
Gross value	**(8)**	132.0	138.7
Amortization	**(8)**	(69.4)	(67.7)
		62.6	**71.0**
Non-current financial assets			
Investments in associated companies		8.8	7.9
Non-current financial derivative instruments	**(12)**	0.8	4.1
Other non-current financial assets	**(4-4)**	55.2	56.9
		64.8	**68.9**
Net long-term lease receivables	**(6-2)**	357.5	416.6
Other net long-term receivables		3.2	3.8
Deferred tax assets	**(13-4)**	17.0	8.9
Total non-current assets		**1,803.4**	**1,908.6**
Net inventories and work in progress	**(6-5)**	**71.2**	**76.9**
Net receivables			
Net accounts receivable	**(6-2)**	231.5	233.2
Net short-term lease receivables	**(6-2)**	240.7	281.8
Income tax receivables		42.8	43.7
Net other receivables		8.9	6.2
		523.9	**564.9**
Prepaid expenses		41.2	44.5
Current financial derivative instruments	**(12)**	6.9	1.3
Cash and cash equivalents			
Short-term and liquid investments		0.5	0.5
Cash		513.2	497.8
		513.7	**498.3**
Total current assets		**1,156.9**	**1,185.9**
Assets held for sale	**(5)**	**-**	**20.8**
TOTAL ASSETS		**2,960.3**	**3,115.3**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED LIABILITIES

(In million euros)	Notes	31 January 2021	31 January 2020
Shareholders' equity			
Share capital	**(14-1)**	34.6	34.6
Additional paid-in capital	**(14-1)**	52.9	52.9
Reserves and retained earnings	**(14-1)**	937.6	933.5
Cumulative translation adjustments	**(14-1)**	(33.1)	(3.8)
Treasury shares	**(14-1)**	(3.2)	(2.8)
Equity instruments	**(14-2)**	211.1	220.1
Net income		40.4	14.1
Total shareholders' equity		**1,240.3**	**1,248.6**
Attributable to:			
• holders of the parent company		1,233.2	1,238.4
• non-controlling interests		7.1	10.2
Non-current financial debts	**(12-2)**	767.1	993.9
Non-current lease obligations	**(8)**	53.8	61.4
Long-term provisions	**(11-1)**	26.8	28.6
Non-current financial derivative instruments	**(12)**	2.1	0.0
Other non-current liabilities		0.8	1.3
Deferred tax liabilities	**(13-4)**	148.2	134.8
Total non-current liabilities		**998.8**	**1,220.0**
Accounts payable			
Trade payables		75.5	79.5
Other operating liabilities	**(6-6)**	199.7	201.4
Tax payables		42.1	36.4
Short-term provisions	**(11-1)**	10.2	10.3
Deferred income		187.5	198.3
		515.0	**525.9**
Current financial derivative instruments	**(12)**	1.0	2.0
Current lease obligations	**(8)**	19.8	20.0
Financial debts			
Short-term portion of debts from credit institutions	**(12-2)**	180.6	86.7
Bank overdrafts	**(12-2)**	4.8	4.9
		185.4	**91.6**
Total current liabilities		**721.2**	**639.5**
Liabilities held for sale		**-**	**7.2**
TOTAL LIABILITIES		**2,960.3**	**3,115.3**

The following notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

(In million euros)	Notes	31 January 2021	31 January 2020
Sales	**(6-1)**	**1,029.4**	**1,142.7**
Current operating expenses			
Cost of sales		(285.7)	(302.1)
Research and development expenses		(54.9)	(53.2)
Sales and marketing expenses		(252.2)	(283.3)
Administrative expenses		(194.4)	(214.9)
Service and other operating expenses		(91.5)	(103.5)
Employee profit-sharing, share-based payments		0.9	(0.6)
Expenses related to acquisitions	**(6-7)**	(19.5)	(15.5)
Total current operating expenses	**(6-4)**	**(897.3)**	**(973.1)**
Current operating income	**(6-3)**	**132.1**	**169.6**
Structure optimization expenses – net of reversals	**(6-8)**	(16.4)	(10.1)
Proceeds from asset sales		(0.2)	(0.2)
Other operational expenses and income	**(6-9)**	(19.6)	(11.9)
Impairment of goodwill	**(4-5)**	-	(70.4)
Operating income		**95.9**	**77.0**
Interest expenses on borrowings		(31.3)	(37.9)
Interests on lease obligations	**(8)**	(2.4)	(2.6)
Interest income		1.0	2.0
Net cost of debt		**(32.7)**	**(38.5)**
Losses on foreign exchange		(7.6)	(13.4)
Gains on foreign exchange		7.5	8.9
Net gains (losses) on foreign exchange		**(0.1)**	**(4.5)**
Other financial gains		1.2	1.9
Other financial losses		-	-
Income before tax		**64.3**	**35.9**
Share of results of associated companies		0.9	0.8
Income taxes	**(13-3)**	(23.8)	(21.4)
NET INCOME		**41.4**	**15.3**
Attributable to:			
• holders of the parent company		40.4	14.1
• non-controlling interests		1.0	1.2
NET EARNINGS PER SHARE (IN EUROS)	**(14-3)**	**0.92**	**0.15**
DILUTED NET EARNINGS PER SHARE (IN EUROS)	**(14-3)**	**0.92**	**0.15**

The following notes form an integral part of the consolidated financial statements.

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In million euros)	31 January 2021	31 January 2020
Net income	**41.4**	**15.3**
Actuarial differences recognized in equity	(5.1)	1.5
Deferred taxes on actuarial differences recognized in equity	1.7	(0.7)
Sub-total of items that could not be reclassified in net income	**(3.4)**	**0.8**
Change in fair value of hedging instruments	(1.1)	(2.7)
Deferred taxes on change in fair value of hedging instruments	0.4	0.2
Translation difference	(29.3)	19.4
Sub-total of items that could be reclassified in net income	**(30.0)**	**16.9**
TOTAL INCOME FOR THE YEAR	**8.0**	**33.0**
Attributable to:		
• holders of the parent company	7.0	31.8
• non-controlling interests	1.0	1.2

The following notes form an integral part of the consolidated financial statements.

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOW

(In million euros)	Notes	31 January 2021	31 January 2020
Net income attributable to shareholders of the parent company		40.4	14.1
Net income attributable to non-controlling interests		1.0	1.2
Expenses (income) with no cash effect or with cash effect below operating activities	**(9-1)**	132.2	188.1
Share of results of associated companies (net of dividends received)		(0.9)	(0.8)
Income taxes expense (including deferred taxes)	**(13-3)**	23.8	21.4
Net cost of debt		32.7	38.6
Cash flow before net cost of debt and income taxes		**229.2**	**262.6**
Working capital variation	**(9-2)**	2.2	(7.2)
(Increase) decrease in lease receivables		62.0	25.1
Cash flow from operating activities		**293.4**	**280.5**
Interest paid		(24.3)	(37.8)
Interests paid on lease obligations	**(8)**	(2.4)	(2.6)
Income taxes paid		(10.5)	(45.0)
Net cash flow from operating activities (A)		**256.2**	**195.1**
Investments in tangible fixed assets	**(4-3)**	(37.6)	(60.1)
Investments in intangible fixed assets	**(4-2)**	(34.2)	(35.7)
Impact of changes in assets right-of-use	**(8)**	(17.8)	(13.5)
Impact of changes in scope	**(9-3)**	(8.9)	(11.9)
Sub-total investments		**(98.5)**	**(121.2)**
Disposals of fixed assets		0.2	0.5
Income received from investments		1.4	1.9
Repayment of loans and other long-term advances		(0.9)	0.4
Net cash flow from investing activities (B)		**(97.8)**	**(118.4)**
Parent company capital increase		-	-
Share buyback – liquidity contract	**(14-1)**	(1.2)	0.6
Dividends paid to shareholders		(12.0)	(18.2)
New medium and long-term borrowings	**(9-4)**	48.4	536.4
ODIRNANE* interests		(8.9)	(8.9)
Repayment of long-term borrowings	**(9-4)**	(153.9)	(327.0)
Variation of lease obligation debts	**(8)**	(3.5)	(8.7)
Net cash flow from financing activities (C)		**(131.1)**	**174.2**
Cumulative translation adjustments on cash and cash equivalents **(D)**		(11.8)	0.4
Change in net cash (A) + (B) + (C) + (D)		**15.5**	**251.3**
Net cash – opening		**493.4**	**242.1**
Net cash – closing		**508.9**	**493.4**
Cash and cash equivalents		513.7	498.3
Bank overdrafts		(4.8)	(4.9)
NET CASH – CLOSING		**508.9**	**493.4**

The following notes form an integral part of the consolidated financial statements.

* *ODIRNANE: senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares.*

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In million euros)	Par value	Number of shares	Share capital*	Additional paid-in capital*	Reserves, retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,187.2**	**(4.1)**	**(23.2)**	**1,247.4**
Attributable to:								
• holders of the parent company								1,238.6
• non-controlling interests								8.8
Transtion to IFRS 16			-	-	-	(5.7)	-	-	(5.7)
Consolidated shareholders' equity at 1 February 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,181.5**	**(4.1)**	**(23.2)**	**1,241.7**
Net income		-	-	-	15.3	-	-	15.3
Items that could not be reclassified in net income		-	-	-	0.8	-	-	0.8
Items that could be reclassified in net income		-	-	-	(2.5)	-	19.4	16.9
Comprehensive income 2019		**-**	**-**	**-**	**13.6**	**-**	**19.4**	**33.0**
Change in treasury shares – liquidity contract		-	-	-	(0.3)	1.0	-	0.7
Free shares delivered (12,381 shares)		-	-	-	(0.3)	0.3	-	0.0
2018 dividends		-	-	-	(18.2)	-	-	(18.2)
Share-based payments		-	-	-	0.7	-	-	0.7
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Other		-	-	-	(0.4)	-	-	(0.4)
Consolidated shareholders' equity at 31 January 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,167.7**	**(2.8)**	**(3.8)**	**1,248.6**
Attributable to:								
• holders of the parent company								1,238.4
• non-controlling interests								10.2
Net income		-	-	-	41.4	-	-	41.4
Items that could not be reclassified in net income		-	-	-	(3.4)	-	-	(3.4)
Items that could be reclassified in net income		-	-	-	(0.7)	-	(29.3)	(30.0)
Comprehensive income 2020		**-**	**-**	**-**	**37.3**	**-**	**(29.3)**	**8.0**
Change in treasury shares – liquidity contract		-	-	-	(0.1)	(0.1)	-	(0.2)
Free shares delivered (26,464 shares)		-	-	-	(0.4)	(0.3)	-	(0.7)
2019 dividends		-	-	-	(12.0)	-	-	(12.0)
Share-based payments		-	-	-	0.2	-	-	0.2
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Fair value adjustment on the investments in X'Ange and Partech		-	-	-	5.4	-	-	5.4
Other		-	-	-	(0.1)	-	-	(0.1)
CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 JANUARY 2021	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,189.1**	**(3.2)**	**(33.1)**	**1,240.3**
Attributable to:								
• holders of the parent company								1,233.2
• non-controlling interests								7.1

The following notes form an integral part of the consolidated financial statements.

* *The share capital is fully released. Additional paid-in capital includes issue and translation premiums.*

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial statements for the years ended 31 January 2021 and 31 January 2020.

The consolidated financial statements were approved by the Board of Directors on 26 March 2021.

Unless otherwise indicated, all amounts stated hereafter are in million of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as at 31 January 2020 have been reclassified to be comparable with the presentation adopted as at 31 January 2021.

TABLE OF CONTENTS

NOTE 1 PRESENTATION OF THE GROUP AND ITS CONSOLIDATED FINANCIAL STATEMENTS

Quadient is the driving force behind the most meaningfull customer experience. By focusing on four major business areas which are Customer Experience management (CXM), Business Process Automation (BPA), Mail Related Solutions (MRS) and parcel lockers solutions (PLS), Quadient assists on a daily basis hundred of thousands of companies in building powerfull connections with their customers and in delivering exceptional customer experiences, in a world where interaction have to be always more connected, personal and mobile.

The term "Quadient S.A." refers to the parent company (excluding consolidated subsidiaries), which is listed and registered in France, while "Quadient" and "the Group" refer to the economic group formed by the parent company and its consolidated subsidiaries.

The parent company's head office is located at 42-46 avenue Aristide Briand, 92220 Bagneux (France).

Quadient shares are listed on compartment B of Euronext Paris.

1-1: History

Quadient was created in 1992 through a Leveraged Buy-Out (LBO) of Alcatel's mail processing equipment division.

A second LBO took place in 1997.

In February 1999, the Group was listed on the Paris stock exchange. Since then, Quadient has made acquisitions of various sizes.

In 2002, Quadient acquired Ascom Hasler – the mailing systems division of the Swiss Company Ascom – which at the time was ranked third in the world.

In 2009, Quadient acquired the company Satori Software.

In 2012, Quadient acquired GMC Software AG, parent company of the Group GMC Software Technology AG, leader in the field of customer communication management and Human Inference, a specialist in master data management.

In 2013, Quadient acquired DMTI Spatial, the leading Canadian provider of location-based data quality solutions.

In 2014, Quadient acquired ProShip, one of the largest providers of multi-carrier parcel shipping solutions.

In 2015, Quadient acquired a 55% stake in Temando Holdings Pty Ltd, an Australian Company that provides logistic solutions to the e-commerce sector.

In 2016, Quadient acquired Icon Systemhaus GmbH, German leader in customer communication solutions, mainly active in Germany and Austria.

In 2017, the Group divested its distribution subsidiaries in Indonesia, Malaysia, Singapore and Thailand and its subsidiary DMTI Spatial. Quadient also acquired Temando's remaining minority interests in September 2017 and owns since 100% of the company.

In 2018, Quadient acquired 100% of the company Parcel Pending Inc., leader in the American parcel locker market and the main supplier of residential, commercial, retail and universities in the United States and Canada. In 2018, Quadient also sold its 100% stake in the company Quadient Data USA (former Satori Software), one of the leaders in address quality solutions in the United States.

In 2019, Quadient sold Quadient Data Netherlands (former Human Inference). In September 2019, Quadient decided an orderly and phased shutdown of activity in its Australian subsidiary Temando (e-commerce shipping software). In September 2019, the Group also announced its decision to change the name Neopost to become Quadient. This choice of an unified brand was the result of deploying a new Group organization as part of the Group's "Back to growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

1-2: Main events of the period

PROSHIP INC. DIVESTMENT

On 28 February 2020, Quadient divested the company ProShip Inc., a global provider of automated multi-carrier shipping software. As of 31 January 2020, the assets and liabilities of the entity were disclosed as assets held for sale in compliance with IFRS 5.

ACQUISITION OF YAYPAY

On 29 July 2020, Quadient acquired 100% of the company YayPay, leading Fintech company specialized in account receivables automation solutions.

QUADIENT OCEANIA DIVESTMENT

On 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd and on this date the entity has been removed from the scope. The sale price amounts to 6.0 million Australian dollars and the result of the divestment is presented in other operational expenses.

PANDEMIC COVID-19

The year 2020 has been marked by the global health crisis resulting from the COVID-19 circulation. Containment measures have been implemented in many countries where Quadient operates. With the spread of the virus, the priority for Quadient has been the health and the security of its employees. Since the beginning of this crisis, the Group has adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers while containing the effects of the crisis on its profitability. These measures include in particular a strong costs reduction program (temporary recruitment freezes, drastic reduction in subcontractors, reduction of bonuses…), partial unemployment wherever possible, further use of home working, providing protection material for the employees…

European manufacturing sites have been affected to various degrees from a strong decline in activity for some to a several months closing for others.

This crisis is considered as an indicator of impairment as at 31 January 2021. A goodwill impairment test has been performed (see note 4-5). In accordance with the regulator recommandations, all impacts in relation with this health crisis have been booked in the current operating income.

NOTE 2 ACCOUNTING PRINCIPLES

2-1: Accounting standards applied

The consolidated financial statements comply with the international accounting standards (IFRS: International Financial reporting Standards) issued by the IASB (International Accounting Standards Board). The IFRS applicable as at 31 January 2021 as approved by the European Union are available on the European Commission website.

Standards, amendments and interpretation adopted by the European Union that are mandatory for financial years beginning on or after 1 January 2020:

- amendment to IFRS 3: Definition of a business;
- amendments to IAS 1 and IAS 8: Definition of material;
- amendments to IAS 39, IFRS 7 and IFRS 9 regarding pre-replacement issues in the context of the IBOR reform.

Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union:

- amendments to IFRS 16.

2-2: Use of estimates

In order to prepare this financial information, Quadient has made estimates and used assumptions that may affect the amounts presented under assets and liabilities, as well as the amounts presented under income and expenses for the year.

The main material estimates and assumptions made when preparing the financial statements relate in particular to retirement benefit obligations, deferred taxes, goodwill, some provisions and the useful life of fixed assets.

These estimates and assessments are reviewed regularly on the basis of actual experience and various other factors considered reasonable, which form the basis of the measurement of book value for assets and liabilities. Actual outcomes might differ substantially from these estimates if different assumptions or conditions are applied.

2-3: Foreign currency payables and receivables

Transactions in foreign currencies are recorded at the exchange rate in force on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate in force at closing. The resulting gains and losses are recognized in the income statement, with the exception of variances on loans or borrowings which form part of the net investment in a foreign entity. These are booked directly under shareholders' equity until divestment.

2-4: Translation of financial statements denominated in foreign currencies

The operating currency for each of the Group's entities is the currency of the economic environment in which that entity operates.

Financial statements of subsidiaries operating outside France, which are presented in local currencies, are translated into euros – the currency used in the Group's financial statements – at the year-end exchange rate. Income statement and cash flow statement are translated at the average exchange rate over the period.

The resulting translation variance is recognized in the translation adjustment reserve under shareholders' equity.

The exchange rates for the main Group's main currencies are as follows:

	31 January 2021		31 January 2020	
	Period end	Average	Period end	Average
United States dollar (USD)	1.21	1.15	1.11	1.12
Pound sterling (GBP)	0.88	0.89	0.84	0.87
Canadian dollar (CAD)	1.55	1.54	1.46	1.48
Swiss franc (CHF)	1.08	1.07	1.07	1.11
Japanese yen (JPY)	127.05	122.19	120.35	121.87
Norwegian krone (NOK)	10.34	10.76	10.19	9.85
Swedish krone (SEK)	10.11	10.45	10.68	10.60
Danish krone (DKK)	7.44	7.45	7.47	7.47
Australian dollar (AUD)	1.58	1.65	1.65	1.61
Singapore dollar (SGD)	1.61	1.58	1.51	1.52
Indian rupee (INR)	88.43	85.40	78.91	78.77
Brazilian real (BRL)	6.66	6.05	4.72	4.44
Chinese yuan (CNY)	7.80	7.89	7.67	7.73
Czech koruna (CZK)	26.02	26.53	25.21	25.62
Hungarian florin (HUF)	358.39	353.27	337.05	326.45
Polish zloty (PLN)	4.53	4.47	4.30	4.30
New-Zealand dollar (NZD)	1.69	1.76	1.71	1.70

NOTE 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

3-1: Accounting policies relating to the scope of consolidation

The Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the country of operation. Financial statements of foreign companies have been restated to be compliant with Quadient Group's accounting principles.

The consolidated balance sheet incorporates all items of assets and liabilities along with the results of consolidated companies. Intra-Group transactions and profits relating to these operations as well as intra-Group capital gains are eliminated.

Subsidiaries controlled directly by the parent company or indirectly through other subsidiaries are consolidated using the full consolidation method. Stakes in associated companies over which the investor exerts significant influence are consolidated using the equity method. Significant influence is assumed when the investor controls directly or indirectly through subsidiaries 20% or more of the voting rights in the Company in question.

3-2: Changes in the scope of consolidation

The consolidated financial statements include the financial statements of Quadient S.A. and its subsidiaries. Unless otherwise stated, the subsidiaries are consolidated as from the date on which control is acquired by the Group and until the date on which control is transferred outside the Group. Control is the power to direct a company's financial and operational policies in order to derive profit from its activities.

Changes in the scope of consolidation for the 2020 financial year are the following:

- on 28 February 2020, Quadient divested the company ProShip Inc.;
- the company Cesar Holding Inc has been created on 13 July 2020. Quadient Holding USA Inc. helds 87% of the company which is fully consolidated at 100% as a result of the special status of minority shareholders;
- on 29 July 2020, Cesar Holding Inc acquired 100% of the company YayPay Inc., fully consolidated;
- the company Neopost Services has been merged with Quadient France retroactive to 1 February 2020;
- the company Francotech GmbH has been merged with Quadient Germany Gmbh effective 1 February 2020;
- on 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd.

3-3: Information on related parties

Quadient owns a 35% stake in Docapost BPO IS and a 24% stake in AMS Investissement.

The transactions with these companies, consolidated using the equity method, are not significant.

3-4: List of subsidiaries as at 31 January 2021

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company name	Parent company	% interest	% control
France			
Docapost BPO IS	Quadient S.A.	35%	35%
AMS Investissement	Quadient S.A.	24%	24%

FULLY CONSOLIDATED COMPANIES

Company name	Parent company	% interest	% control
France			
Quadient S.A.	-	-	-
Quadient France	Quadient S.A.	100%	100%
Quadient Technologies France	Quadient France	100%	100%
Quadient Industrie France	Quadient S.A./Quadient Technologies France	100%	100%
Quadient Finance France	Quadient S.A./Quadient France	100%	100%
Quadient Shipping	Quadient S.A.	100%	100%
Quadient CXM France	Quadient CXM AG	100%	100%
Packcity SAS	Quadient S.A.	100%	100%
Packcity France	Packcity SAS	75%	100%
Packcity Geopost	Packcity France	66%	100%
Temando SAS	Temando Holdings Pty Ltd	100%	100%
Netherlands			
Mailroom Holding BV	Quadient S.A.	100%	100%
Quadient Technologies BV	Mailroom Holding BV	100%	100%
Quadient Netherlands BV	Mailroom Holding BV	100%	100%
Quadient Finance Netherlands BV	Quadient Netherlands BV	100%	100%
United Kingdom			
Quadient Holdings Ltd	Quadient S.A.	100%	100%
Quadient UK Ltd	Quadient Holdings Ltd	100%	100%
Quadient Finance UK Ltd	Quadient UK Ltd	100%	100%
Quadient International Supply Ltd	Quadient Holdings Ltd	100%	100%
Quadient Technologies UK Ltd	Quadient Technologies Holdings UK Ltd	100%	100%
Quadient Technologies Holdings UK Ltd	Quadient S.A.	100%	100%
Quadient Data UK Ltd	Quadient UK Ltd	100%	100%
Quadient CXM UK Ltd	Quadient CXM AG	100%	100%
The Ink People Ltd	Quadient UK Ltd	100%	100%
DCS Ltd	Quadient UK Ltd	100%	100%
Quadient Solutions Ltd	Quadient Ltd	100%	100%
YayPay UK Ltd	YayPay Inc	100%	100%

Company name	Parent company	% interest	% control
Germany			
Quadient Germany GmbH & Co. KG	Quadient S.A./Neopost Verwaltung GmbH	100%	100%
Quadient Finance Germany GmbH	Quadient Germany GmbH & Co. KG	100%	100%
Neopost Verwaltung GmbH	Quadient S.A.	100%	100%
Rena GmbH	Quadient S.A.	100%	100%
Neopost Software GmbH	Quadient Germany GmbH & Co. KG	100%	100%
Quadient CXM Germany GmbH	Quadient CXM AG	100%	100%
Quadient Dopix GmbH	Neopost Software GmbH	100%	100%
Austria			
Quadient Dopix International D&S AG	Quadient Dopix GmbH	100%	100%
Switzerland			
Quadient Switzerland AG	Quadient S.A.	100%	100%
Quadient Finance Switzerland AG	Quadient Switzerland AG	100%	100%
Quadient CXM AG	Quadient S.A.	100%	100%
Quadient CXM Switzerland AG	Quadient CXM AG	100%	100%
Italy			
Quadient Italy Srl	Quadient S.A.	100%	100%
Quadient Rental Italy Srl	Quadient Italy Srl	100%	100%
Quadient CXM Italy	Quadient CXM AG	100%	100%
Belgium			
Quadient Belgium Nv	Quadient S.A.	100%	100%
Quadient Finance Belgium Sprl	Quadient Belgium Nv/Quadient S.A.	100%	100%
Ireland			
Quadient Ireland Ltd	Quadient S.A.	100%	100%
Quadient Finance Ireland Ltd	Quadient S.A.	100%	100%
Neopost SDS Ltd	Quadient S.A.	100%	100%
Neotouch Cloud solutions Dac	Quadient S.A.	70%	100%
Quadient Global Services Ltd	Quadient S.A.	100%	100%
Spain			
Quadient Mailing Logistic Systems	Quadient S.A.	100%	100%
Quadient Software Spain S.A.	Quadient CXM AG	100%	100%
Norway			
Quadient Norge AS	Quadient S.A.	100%	100%
Quadient Finance Norge AS	Quadient Norge AS	100%	100%
Sweden			
Quadient Sverige AB	Quadient S.A.	100%	100%
Quadient Finance Sweden AB	Quadient Sverige AB	100%	100%
Denmark			
Quadient Denmark A/S	Quadient S.A.	100%	100%
Quadient Finance Denmark Aps	Quadient Denmark A/S	100%	100%
Quadient CXM Denmark Aps	Quadient CXM AG	100%	100%
Finland			
Quadient Finland Oy	Quadient S.A.	100%	100%
Quadient Finance Finland Oy	Quadient S.A.	100%	100%
Czech Republic			
Quadient Technologies Czech s.r.o	Quadient CXM AG	100%	100%
Quadient CXM Czech s.r.o	Quadient CXM AG	100%	100%
Hungary			
Quadient CXM Hungary Kft.	Quadient CXM AG	100%	100%

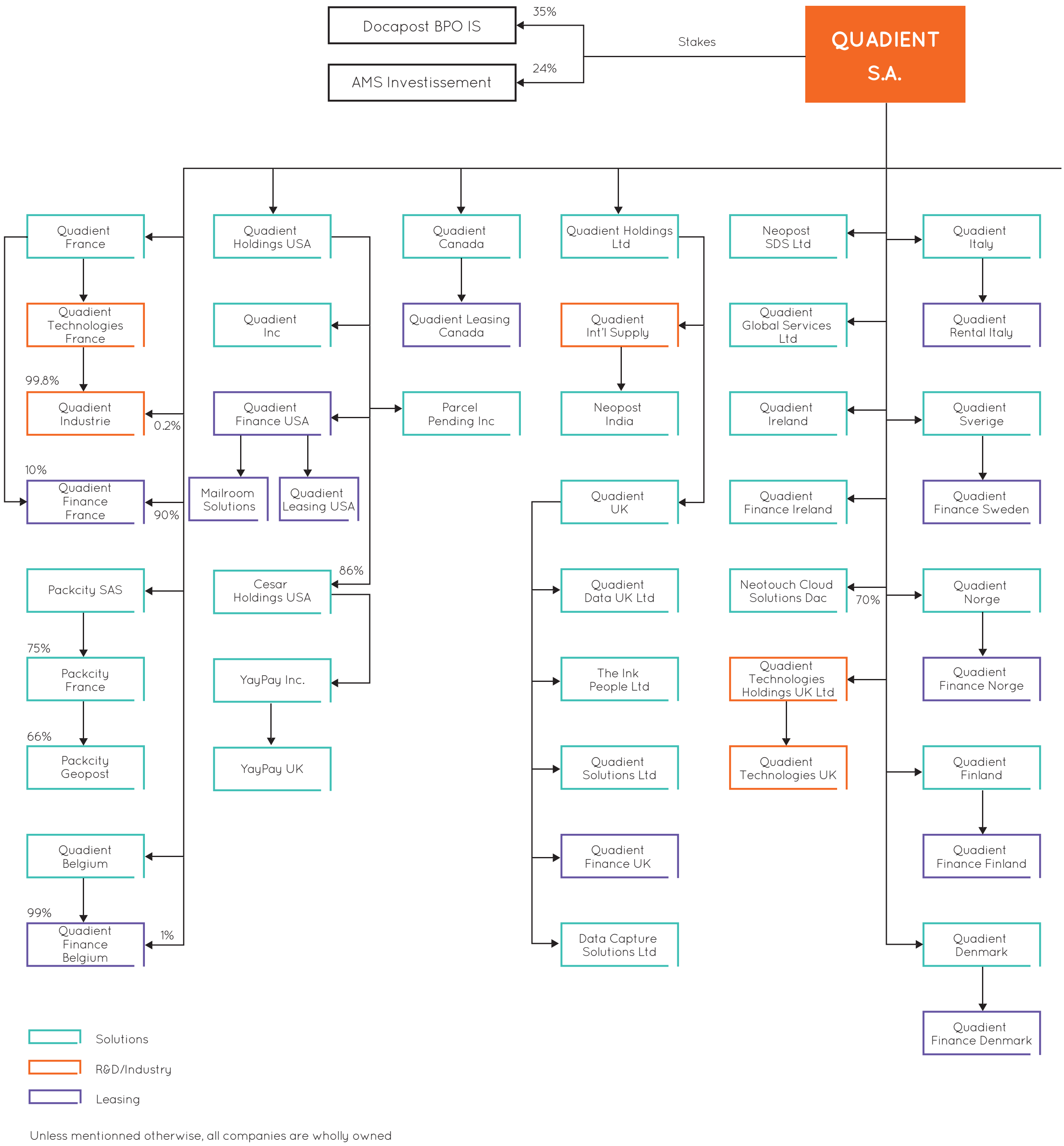
Company name	Parent company	% interest	% control
Poland			
Quadient Poland Sp. z.o.o.	Quadient CXM AG	100%	100%
United States of America			
Quadient Holdings USA Inc.	Quadient S.A.	100%	100%
Quadient Inc.	Quadient Holdings USA Inc.	100%	100%
Quadient Leasing USA Inc.	Quadient Mailroom Inc.	100%	100%
Quadient Finance USA Inc.	Quadient Holdings USA Inc.	100%	100%
Quadient Mailroom Inc.	Quadient Mailroom Inc.	100%	100%
Quadient CXM USA Inc.	Quadient CXM AG	100%	100%
Parcel Pending Inc.	Quadient Holdings USA Inc.	100%	100%
Cesar Holding Inc.	Quadient Holdings USA Inc.	100%	100%
YayPay Inc.	Cesar Holding Inc.	100%	100%
Canada			
Quadient Canada Ltd	Quadient S.A.	100%	100%
Quadient Leasing Canada Ltd	Quadient Canada Ltd	100%	100%
Quadient CXM Canada Ltd	Quadient CXM AG	100%	100%
India			
Neopost India Private Ltd	Quadient International Supply Ltd	100%	100%
Quadient CXM India Private Ltd	Quadient CXM AG	100%	100%
Japan			
Quadient Japan	Quadient S.A.	100%	100%
Packcity Japan	Quadient Shipping	51%	100%
Hong Kong			
Quadient Hong Kong Ltd	Mailroom Holding BV	100%	100%
Quadient Supply Hong Kong Ltd	Mailroom Holding BV	100%	100%
Australia			
Neopost Holdings Pty Ltd	Quadient S.A.	100%	100%
Quadient Finance Australia Pty Ltd	Neopost Holdings Pty Ltd	100%	100%
Quadient Australia Pty Ltd	Quadient CXM AG	100%	100%
Neopost Shipping Holding Pty Ltd	Quadient S.A.	100%	100%
Temando Holdings Pty Ltd	Neopost Shipping Holding Pty Ltd	100%	100%
Temando Pty Ltd	Temando Holdings Pty Ltd	100%	100%
Singapore			
Neopost Asia-Pacific (Holding) Pte Ltd	Quadient S.A.	100%	100%
Quadient Singapore Pte Ltd	Quadient CXM AG	100%	100%
Brazil			
Quadient Software Brazil Ltda.	Quadient CXM AG	100%	100%
China			
Quadient China Ltd	Quadient CXM AG	100%	100%

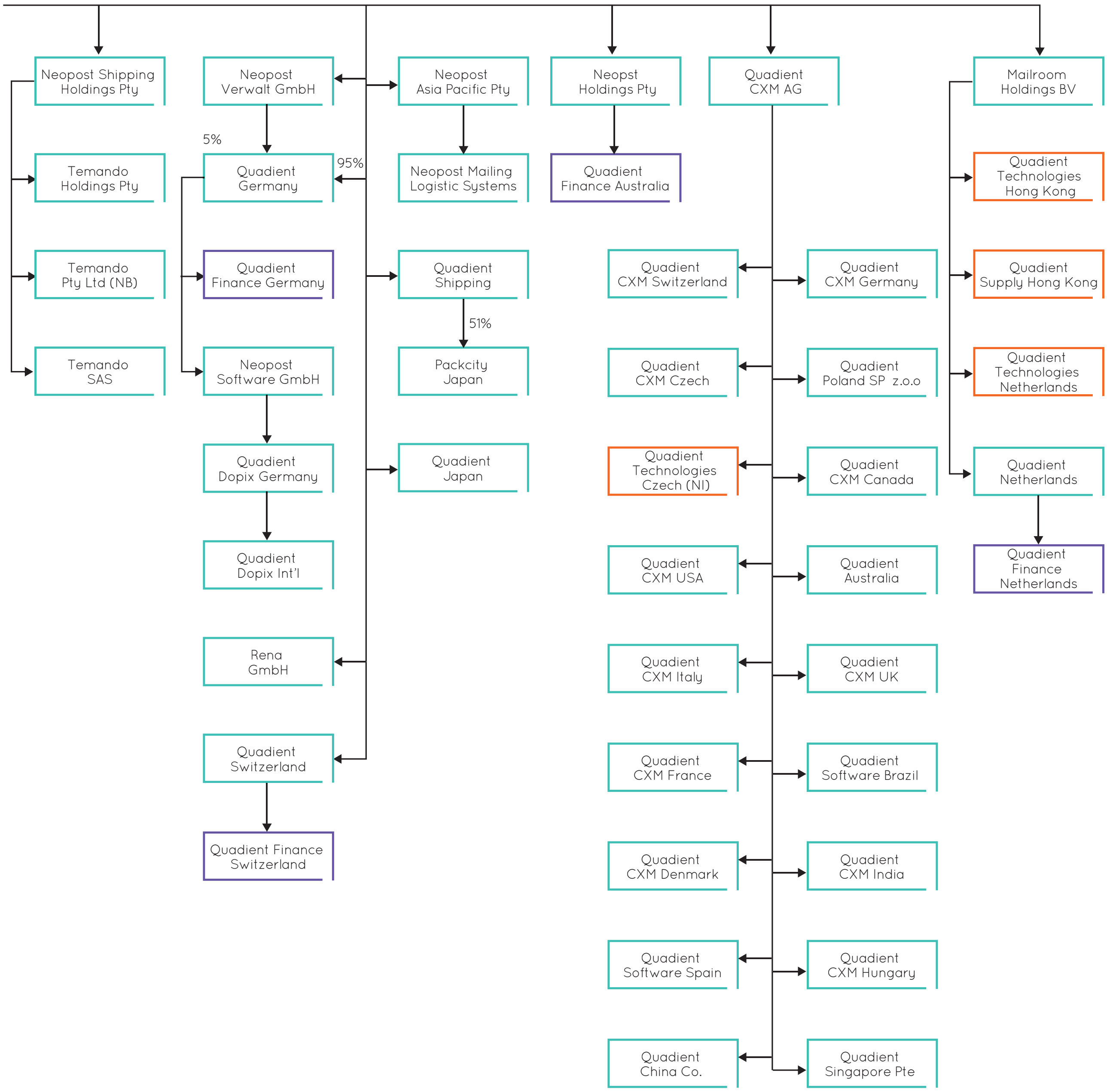
The most important subsidiaries, in term of percentage of Group sales, are the following:

	31 January 2021	31 January 2020
Quadient Inc.	30.1%	30.1%
Quadient France	13.6%	13.7%
Quadient Leasing USA Inc.	6.3%	5.9%
Quadient UK Ltd	4.8%	5.3%
Quadient Germany GmbH & Co. KG	4.1%	4.0%
Quadient Oceania Pty Ltd*	2.8%	3.3%
Main subsidiaries	**61.7%**	**62.2%**
Other subsidiaries	38.3%	37.8%
TOTAL	**100.0%**	**100.0%**

* *On 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd.*

3-5: Organization chart of the Group




Neopost Shipping Holdings Pty
Temando Holdings Pty
Temando Pty Ltd (NB)
Temando SAS
Neopost Verwalt GmbH
5%
95%
Quadient Germany
Quadient Finance Germany
Neopost Software GmbH
Quadient Dopix Germany
Quadient Dopix Int'l
Rena GmbH
Quadient Switzerland
Quadient Finance Switzerland
Neopost Asia Pacific Pty
Neopost Mailing Logistic Systems
Quadient Shipping
51%
Packcity Japan
Quadient Japan
Neopst Holdings Pty
Quadient Finance Australia
Quadient CXM AG
Quadient CXM Switzerland
Quadient CXM Germany
Quadient CXM Czech
Quadient Poland SP z.o.o
Quadient Technologies Czech (NI)
Quadient CXM Canada
Quadient CXM USA
Quadient Australia
Quadient CXM Italy
Quadient CXM UK
Quadient CXM France
Quadient Software Brazil
Quadient CXM Denmark
Quadient CXM India
Quadient Software Spain
Quadient CXM Hungary
Quadient China Co.
Quadient Singapore Pte
Mailroom Holdings BV
Quadient Technologies Hong Kong
Quadient Supply Hong Kong
Quadient Technologies Netherlands
Quadient Netherlands
Quadient Finance Netherlands

6

NOTE 4 INTANGIBLE ASSETS, TANGIBLE ASSETS AND NON-CURRENT FINANCIAL ASSETS

4-1: Goodwill

4-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 3, business combinations are recognized using the acquisition method. At the date on which control of a company is taken, the assets, liabilities and contingent liabilities acquired are measured at fair value. Any variance between the cost of acquiring the shares and the acquirer's share of this revalued net asset value constitutes goodwill.

Any negative goodwill is recognized immediately in the income statement after confirmation of the nature of this negative goodwill and its constituent components.

Goodwill is not amortized but is subject to an annual impairment test as described in note 4-5.

Earn-outs

Earn-outs are generally based on sales or revenue estimates targets in the years following the acquisition. The amounts booked correspond to the best estimate of the future performance of these acquisitions. If these criteria are not met, the partial or total reversal of the debt related to these unpaid earn-outs will be recognized in the current operating income.

Commitment to purchase non-controlling interests

Sell options granted to minority shareholders are recognized as debt measured at the estimated exercise price of the option. The relevant portion of subsidiaries' net assets is transferred from "Non-controlling interests" to "Other financial debts". The non-controlling interests' share of net income is unchanged and still reflects the proportion owned by minorities.

The recognition in goodwill of the difference between the strike price of the option and the value of non-controlling interests is booked under shareholders' equity.

4-1-2: CHANGES IN GOODWILL

	Gross value	Impairment	Net value
Goodwill at 31 January 2019	**1,168.7**	**(41.4)**	**1,127.3**
Assets held for sale reclassification	(15.3)	-	(15.3)
Parcel Pending purchase price allocation	(8.8)	-	(8.8)
Impairment of the period	-	(70.4)	(70.4)
Translation difference	10.7	1.8	12.5
Goodwill at 31 January 2020	**1,155.3**	**(110.0)**	**1,045.3**
YayPay acquisition	12.9	-	12.9
Quadient Oceania divestment	(24.8)	24.8	-
Translation difference	(30.3)	(1.4)	(31.7)
Other movements	(0.5)	-	(0.5)
GOODWILL AT 31 JANUARY 2021	**1,112.6**	**(86.6)**	**1,026.0**

In 2020, the goodwill variation is mainly explained by (i) the goodwill recognition for the acquisition of YayPay in the United States at the end of July 2020 for an amount of 12.9 million euros and (ii) the release of Quadient Oceania goodwill for (24.8) million euros, which was fully depreciated.

In 2019, the gross goodwill variation was explained by (i) the purchase price allocation of Parcel Pending for an amount of (8.8) million euros and by (ii) the reclassification of the relative value of ProShip goodwill in assets held for sale for (15.3) million euros.

As of 31 January 2021, the goodwill impairment relates to Temando, the Nordic countries and the businesses of shipping softwares in France.

All the acquisitions were fully paid for by the Group through its cash and/or financing lines.

Earn-outs are based on sales estimates targets for two years after the acquisition.

4-1-3: BREAKDOWN OF GOODWILL BY CASH-GENERATING UNIT (CGU) OR GROUP OF CGUS

According to IAS 36, the goodwill must be allocated to each CGU or group of CGUs expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is so allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment as defined by the IFRS 8 – Operating Segments, before aggregation.

The value of goodwill determined by the Group is monitored at the level of operational segments, consisting of the geographical areas where Group activities are conducted. This level of test of the goodwill is based on organizational and strategic criteria (interdependance of flows, commercial synergies, integrated solutions in commercial offers…). The Group keeps monitoring separately the goodwill allocated to CGU or group of CGUs "Additional Operations", Parcel Pending and YayPay.

The level of analysis at which Quadient determines the recoverable amount of the goodwill thus corresponds to the following CGUs or groups of CGUs:

	31 January 2021	31 January 2020
North America (NORAM)	392.7	415.3
France - Benelux (FRBNL)	203.5	203.6
United Kingdom - Ireland (UK-IE)	149.1	149.0
Germany - Austria - Italy - Switzerland (DACH-IT)	146.3	146.5
Parcel Pending	83.6	91.9
International[a]	36.2	36.2
YayPay	12.3	-
Major Operations	**1,023.7**	**1,042.5**
Additional Operations[a]	**2.3**	**2.8**
GOODWILL NET BOOK VALUE	**1,026.0**	**1,045.3**

(a) International and Additional Operations gathered several CGUs or group of CGUs.

4-2: Intangible fixed assets

4-2-1: ACCOUNTING PRINCIPLES

Intangible fixed assets acquired separately are recognized at acquisition cost. Intangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill if they meet the two following conditions:

- they are identifiable, *i.e.* they result from legal or contractual rights;
- they are separable from the acquired entity.

Intangible fixed assets include software, patents, lease rights and activated development expenses.

Development expenses

In accordance with IAS 38, development expenses meeting the following conditions are recognized as intangible fixed assets:

- the project is clearly identified and the costs relating to it are individually identified and reliably monitored;
- the technical feasibility of the project has been demonstrated;
- there is a proven intention to complete the project and use or sell the products developed under it;
- the necessary resources for completing the project are available;
- the existence of a potential market for the production arising from this project or its internal usefulness has been demonstrated.

Such development expenses are amortized over a period of four to ten years, reflecting the average useful life of marketed products.

Other intangible fixed assets

Other intangible fixed assets are amortized on a straight-line basis over a period representing the best estimate of the assets' useful life.

4-2-2: CHANGES IN INTANGIBLE FIXED ASSETS

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Gross value at 31 January 2019	**34.9**	**128.0**	**237.4**	**56.7**	**51.0**	**508.0**
Acquisitions/capitalization	0.1	1.8	31.1	-	2.7	35.7
Scope variation	(0.8)	(4.3)	-	-	(2.5)	(7.6)
Divestments/disposals	(1.9)	(10.3)	-	-	(0.1)	(12.3)
Other changes	0.7	1.0	-	-	2.6	4.3
Translation difference	0.1	3.0	5.6	0.3	1.7	10.7
Gross value at 31 January 2020	**33.1**	**119.2**	**274.1**	**57.0**	**55.4**	**538.8**
Acquisitions/capitalization	0.0	0.6	30.4	0.0	3.2	34.2
Scope variation	0.0	0.1	-	-	-	0.1
Divestments/disposals	0.1	(0.9)	-	-	(9.9)	(10.7)
Other changes	-	5.2	3.7	-	4.1	13.0
Translation difference	(0.1)	(3.7)	(2.1)	(0.2)	(1.7)	(7.8)
Gross value at 31 January 2021	**33.1**	**120.5**	**306.1**	**56.8**	**51.1**	**567.6**
Cumulative amortization	(31.5)	(109.3)	(215.1)	(54.0)	(29.9)	(439.8)
NET BOOK VALUE AT 31 JANUARY 2021	**1.6**	**11.2**	**91.0**	**2.8**	**21.2**	**127.8**

The change in intangible fixed assets is mainly due to the capitalization of development costs.

In 2020, the line "Scope variation" combines the acquisition of YayPay and the divestment of Quadient Oceania.

In 2019, this line included the reclassification in assets held for sale of the intangible assets of ProShip.

The other changes mainly include (i) the recognition of the intangible assets as part of YayPay's purchase price allocation for an amount of approximately 9 million euros (ii) some reclassifications.

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Amortization at 31 January 2019	**31.5**	**107.6**	**154.5**	**45.6**	**30.7**	**369.9**
Charges	0.6	8.3	27.3	2.8	3.9	42.9
Scope variation	(0.3)	(2.5)	-	-	(1.2)	(4.0)
Divestments/disposals	(0.9)	(5.9)	0.4	-	(0.1)	(6.5)
Other changes	-	(2.8)	-	2.8	-	0.0
Translation difference	0.1	2.7	2.2	0.2	1.0	6.2
Amortization at 31 January 2020	**31.0**	**107.4**	**184.4**	**51.4**	**34.3**	**408.5**
Charges	0.6	6.1	30.1	2.8	3.9	43.5
Scope variation	-	0.0	-	-	-	0.0
Divestments/disposals	(0.1)	(0.7)	-	-	(7.4)	(8.2)
Other changes	0.0	-	1.7	-	-	1.7
Translation difference	(0.0)	(3.5)	(1.1)	(0.2)	(0.9)	(5.7)
AMORTIZATION AT 31 JANUARY 2021	**31.5**	**109.3**	**215.1**	**54.0**	**29.9**	**439.8**

4-3: Tangible fixed assets

4-3-1: ACCOUNTING PRINCIPLES

Tangible fixed assets acquired separately are initially measured at acquisition cost in accordance with IAS 16. This cost includes expenses directly attributable to the acquisition of the asset. Tangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill.

The value of tangible fixed assets is then reduced by the amount of accumulated depreciation and impairment losses.

Demonstration equipment

Demonstration equipment recognized under tangible fixed assets is depreciated using the straight line method over four years, which is generally considered to be its useful life.

Spare parts

Spare parts and maintenance parts that are used over more than one fiscal year or which can only be used with a fixed asset are recognized under tangible fixed assets and depreciated over their useful life.

Rented equipment

Rented franking machines other than IS-280 consist of two distinct components with different useful lives: a meter and a base.

The depreciation periods, which correspond to the useful life of the asset in question, are as follows:

- IS-280: three years in North America and five years in France;
- meter: five years;
- base: six years, in France only.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries that rent this equipment is eliminated, and depreciation is recalculated on the basis of the new value thus obtained.

Depreciation periods

Depreciation uses the straight-line method and is over the useful life of the asset:

- land and buildings: twenty to forty years;
- equipment: five to ten years;
- tools: three years;
- office furniture: ten years;
- research equipment: five years;
- rented equipment: three, five or six years;
- demonstration equipment: four years;
- spare parts: four years;
- refurbished machinery: three years.

4-3-2: CHANGES IN TANGIBLE FIXED ASSETS

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Gross value at 31 January 2019	**32.5**	**61.0**	**493.0**	**38.1**	**6.6**	**29.1**	**660.3**
Acquisitions	0.5	1.8	49.7	1.9	1.4	4.8	60.1
Scope variation	-	(0.5)	-	-	(0.3)	(0.4)	(1.2)
Divestments/disposals	(0.2)	(3.4)	(22.4)	(1.0)	(1.3)	(1.6)	(29.9)
Other changes	0.2	0.7	-	0.4	0.7	(1.0)	1.0
Translation difference	0.2	0.5	12.3	0.4	0.1	0.7	14.2
Gross value at 31 January 2020	**33.2**	**60.1**	**532.6**	**39.8**	**7.2**	**31.6**	**704.5**
Acquisitions	0.2	1.0	29.2	1.4	0.9	4.9	37.6
Scope variation	(0.4)	(0.5)	-	(2.3)	-	(0.2)	(3.4)
Divestments/disposals	-	(1.1)	(103.3)	(3.5)	(1.1)	(1.2)	(110.2)
Other changes	0.1	0.4	-	0.2	(0.1)	(1.2)	(0.6)
Translation difference	(0.4)	(0.8)	(24.3)	(1.1)	(0.1)	(1.6)	(28.3)
Gross value at 31 January 2021	**32.7**	**59.1**	**434.2**	**34.5**	**6.8**	**32.3**	**599.6**
Cumulative amortization	(20.2)	(50.7)	(331.9)	(31.0)	(3.3)	(18.0)	(455.1)
NET BOOK VALUE AT 31 JANUARY 2021	**12.5**	**8.4**	**102.3**	**3.5**	**3.5**	**14.3**	**144.5**

The other variations mainly represent reclassifications.

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Amortization at 31 January 2019	**18.4**	**50.5**	**389.5**	**33.1**	**3.6**	**16.5**	**511.6**
Charges	1.2	2.7	38.5	2.6	0.6	2.2	47.8
Scope variation	-	(0.4)	-	-	(0.3)	(0.2)	(0.9)
Divestments/disposals	(0.1)	(2.8)	(22.3)	(1.0)	(0.9)	(1.2)	(28.3)
Other changes	-	-	-	-	-	-	-
Translation difference	-	0.4	9.4	0.4	0.0	0.3	10.5
Amortization at 31 January 2020	**19.5**	**50.4**	**415.1**	**35.1**	**3.0**	**17.6**	**540.7**
Charges	1.1	2.4	38.7	2.5	0.9	2.3	47.9
Scope variation	(0.3)	(0.5)	-	(2.2)	-	(0.2)	(3.2)
Divestments/disposals	-	(1.0)	(103.3)	(3.4)	(0.6)	(1.1)	(109.4)
Other changes	-	(0.1)	-	-	(0.0)	-	(0.1)
Translation difference	(0.1)	(0.5)	(18.6)	(1.0)	(0.0)	(0.6)	(20.8)
AMORTIZATION AT 31 JANUARY 2021	**20.2**	**50.7**	**331.9**	**31.0**	**3.3**	**18.0**	**455.1**

The line "Scope variation" corresponds to the divestment of Quadient Oceania assets, divested at the end of January 2021. In 2019, this line corresponded to the reclassification of the assets of ProShip as assets held for sale.

The variations of the gross value and the amortization assets right-of-use recognized as part of the application of IFRS 16 are presented in the note 8.

4-4: Non-current financial assets

4-4-1: ACCOUNTING PRINCIPLES

Non current financial assets are initially recognized either at their acquisition cost including transaction costs or at the fair value of the assets used for payment.

Following initial recognition, assets classified as "Investments in associated companies" or "Non consolidated shares" are measured at fair value on the closing date.

Other financial assets are valuated at their fair value with a profit & loss impact at each closing date.

4-4-2: DETAIL OF OTHER NON-CURRENT FINANCIAL ASSETS

	31 January 2021	31 January 2020
Deposits, loans and guarantees	4.4	4.7
Pension plan net asset	36.3	43.0
Other financial assets	14.5	9.2
TOTAL	**55.2**	**56.9**

At 31 January 2021, the deposits, loans and guarantees include an escrow account for 0.9 million euros related to ProShip divestment and a guarantee deposit for 1.1 million euros related to the liquidity contract (1.4 million euros at 31 January 2020).

The Group has a pension plan in the United Kingdom that shows a surplus of 36.3 million euros (32.1 million pounds sterling) at 31 January 2021 compared with 43.0 million euros (36.2 million pounds sterling) at 31 January 2020.

The change in the pension plan's net assets is mainly related to actuarial differences. The tax rate applicable for the cash refund of this asset in the United Kingdom will be 35%. This tax effect is presented in the consolidated financial statements under deferred tax liabilities.

The other financial assets include the investment realized by Quadient for the benefit of the professional private equity funds X'Ange 2 and Partech Entrepreneurs. These assets are valued at their fair value as at 31 January 2021.

4-4-3: OFF-BALANCE SHEET COMMITMENTS RELATING TO FINANCIAL ASSETS

Quadient S.A. has an investment commitment with Partech Entrepreneur II for an amount of 0.1 million euros as at 31 January 2021 that has not changed since January 2020.

4-5: Impairment test

4-5-1: IMPAIRMENT TEST METHOD

Impairment tests compare the recoverable amount of a non-current asset with its net carrying amount. If the asset's carrying amount is higher than its recoverable amount, it is written down to its recoverable amount. The recoverable amount of an asset or group of assets is the higher of its fair value less disposal costs and its value in use.

Fair value less disposal costs is determined using available information to establish the best estimate of the disposal price net of the costs necessary to carry out the sale in an arm's lengh transaction between knowledgeable, willing parties.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets, taking into accounts its residual value.

Goodwill

Goodwill is tested for impairment at least once a year and whenever there is any evidence of impairment. Goodwill is tested for impairment at the level of the Cash Generated Units (CGU) or group of CGUs defined by the Group. A CGU is a business unit generating independent cash flows.

Given the fact that having a reliable basis to determine the fair value less reliable costs of an asset or a group of assets is rare, unless otherwise indicated, the Group uses the value in use to measure the recoverable amount of an asset or group of assets.

The value in use of each CGU or group of CGUs is determined as follows:

- the Group projects future cash flows based on financial projections over five years. Industrial margins and net assets are reallocated to the countries where the equipment in question is installed and leasing margins and net assets are reallocated to the countries where the signatories of finance lease contracts are located. Costs for support incurred (holding, IT, human ressources…) are reallocated to the Group's CGU or group of CGUs on the basis of their revenue;
- beyond this explicit time frame, the terminal value is calculated by applying a perpetuity growth rate to the latest cash flow;
- the cash flows are then discounted. The discounting rates are determined according to the business and the geographical area considering, if necessary, a specific risk premium.

Goodwill impairment is recognized under operating expenses. Such impairment is not reversible.

Other tangible and intangible fixed assets

Other tangible and intangible fixed assets are tested for impairment only if evidence of an impairment is noted.

A loss of value related to any other asset except goodwill can be reversed if there is any evidence that a loss of value previously recognized is likely to no longer exist or to have diminished. If this is the case, the book value of the asset is raised to the level of its recoverable amount. The increased book value following reversal of a loss of value cannot exceed the book value that would have been determined, net of depreciation, if no loss of value had been recognized on the asset in previous years. After recognition of a reversal of loss of value, the depreciation charge is adjusted for future periods so that the revised book value of the asset minus its possible residual value is spread systematically over the remaining useful life of the asset.

4-5-2: GOODWILL IMPAIRMENT TEST

The global health and economic crisis related to the pandemic COVID-19 is considered as an indicator of impairment as at 31 January 2021. An impairment test of the goodwill has been realized.

Goodwill is tested for impairment based on value in use.

For the main cash-generating units or group of CGUs, the following assumptions were used:

	EBITDA average growth rate over 5 years	Sales average growth rate over 5 years	Average growth rate to perpetuity	Discount rate
North America	3.8%	2.7%	(1.0)%	6.3%
Parcel Pending	n/a	19.3%	2.0%	7.4%
France-Benelux	0.0%	2.0%	0.0%	6.9%
UK – Ireland	10.0%	6.6%	0.4%	6.9%
DACH-IT	4.5%	3.2%	0.3%	6.4%
International	4.9% - 13.9%	6.8% - 9.3%	2.0%	6.8%
Additional Operations	>20%	2.8%	(2.0)%	6.8%

The average perpetual growth rate applied to the Mail-Related Solutions business has been revised downwards in 2020 to take into consideration the recent developments in the various markets in which Quadient operates. This rate may be modified in the future depending on changes in the economic outlook for these various markets.

Impairment test of the goodwill

As part of the “Back to Growth” strategy, the Group has followed and reviewed the different elements reported within the Additional Operations portfolio.

In 2019, the Group concluded that some additional activities would not present a potential for growth or synergies with the Group’s strategic solutions. Within the Additional Operations, Australia and Nordics countries had in particular an important graphics activity regarded as non-strategic by Quadient.

Those elements have led the Group to decide to stop its investments in these activities in decline which are so continued as they stand.

Projections made in 2019 by the Group on those bases for the purposes of the impairment led to the depreciation of the goodwill recognized for Australia, Nordic countries and shipping software business in France for a total amount of 70.4 million euros.

In 2020, Quadient Oceania divestment has resulted in the reversal of the associated goodwill impairment booked in 2019.

Sensitivity

Sensitivity tests have been performed on the different assumptions used for the goodwill impairment test: (i) the EBITDA average growth rate over 5 years (ii) the infinite growth rate and (iii) the weighted average cost of capital to determine at which rates the valuation of goodwill becomes equal to the value of the discounted cash flow.

The results of these tests are presented in the table below for the main CGU or groups of CGUs:

	Breaking point		
	EBITDA average growth rate over 5 years	Infinite average growth rate	Discount rate
North America	(9.2)%	(26.9)%	16.1%
Parcel Pending	n/a	0.1%	8.8%
France-Benelux	(8.0)%	(16.2)%	14.5%
UK – Ireland	5.0%	(3.2)%	9.3%
DACH-IT	(0.9)%	(3.0)%	8.7%
International	(6.7)%-9.4%	(8.2)%-1.1%	7.5% - 12.8%
Additional Operations	>20%	(9.1)%	10.7%

In key assumptions, any reasonably possible change of one parameter at a time cannot lead to a recoverable value of CGU or group of CGUs becoming equal to its carrying amount.

NOTE 5 ASSETS HELD FOR SALE

IFRS 5 "Non-current assets held for sale and discontinued operations" specifies the accounting treatment applicable to assets held for sale and the presentation and disclosure of discontinued operations.

Assets held for sale

Non-current assets held for sale are presented separately in the statement of financial position as soon as the Group has decided to sell these assets and when the sale is considered to be highly probable. These assets are measured at the lower of the carrying amount and the fair value less costs to sell.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of this subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Discontinued operations

A discontinued operation is a component operation of an entity that has either been disposed of, or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When the criteria are met, the net income and the cash flow of discontinued operations are presented on a separate line in the consolidated income statements and consolidated statement of cash flow. The Group decides if a discontinued operation forms a separate major line of business or geographical region of operations substantially based on its contribution to the Group financial statements.

As at 31 January 2021, there are no assets and liabilities held for sale.

As at 31 January 2020, assets and liabilities classified as held for sale for respectively 23.9 million euros (20.8 million euros after depreciation) and 7.2 million euros were related to ProShip, sold on 28 February 2020. This company was part of the cash-generating unit "Additional Operations". The goodwill had been valuated using the relative fair value method.

These assets and liabilities were measured at their fair value: the net book value of assets and liabilities as at 31 January 2020 had been compared to the sale price. This led to the recognition of a depreciation booked in other operational expenses for an amount of 3.1 million euros.

NOTE 6 OPERATING DATA

6-1: Sales

6-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 15, sales are measured at the fair value of the consideration received, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognized at the date on which the Group fulfills the performance obligations attached to the contract.

Lease of mailroom equipment

The Quadient Group rents equipment to its customers in France, the United States and Canada under leases in which the Group does not transfer the control of the assets. Leases are generally for periods of one to five years. As the performance obligations are not separated, the lease and corresponding maintenance costs are normally billed in advance, the lease component for the period ended is recorded in sales. The balance is shown in deferred income.

Equipment sales

Equipment sales are recognized when the goods are shipped. This reflects the transfer of control between the buyer and the seller of major risks and benefits inherent to the ownership of the item because:

- the lead times between shipping, delivery and installation are very short;
- the products are most often installed directly by the customer;
- the return rate after shipping is very low.

Finance leases

Quadient has leasing subsidiaries in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States.

These subsidiaries provide leasing services exclusively to Quadient customers that relate solely to Quadient products. When a customer of a Quadient distribution company chooses to finance the acquisition of equipment *via* a leasing company, the Group recognizes an equipment sale and records as an asset an amount equal to the net present value of the lease payments receivable over the term of the financing. Financial income is then recognized in sales on the basis of interest actually received over the term of the financing. Refinancing costs are recorded as financial expenses.

The accounting treatment for the lease financing activity of these companies is justified by the fact that the Group transfers to its customers the control of the assets in question. This accounting treatment has not been called into question with the application of IFRS 16.

As a supplement to this finance lease activity, Quadient offers financing solutions on franking in the United States and in the United Kingdom.

Maintenance contracts

At the request of postal organizations, Group companies may be required to carry out preventive maintenance work and repairs on its products, among other things. These operations are conducted under maintenance contracts and are invoiced to customers at the start of the contract. Revenue relating to leases and maintenance are presented under deferred income and recognized as sales on a *prorata* basis, reflecting the degree of progress of the service provision.

Software and associated services

The Group derives revenues from the following sources:

- software license sales;
- pay-per-click software or solutions right of use;
- maintenance (help desk services and rights to future product enhancements);
- software implementation and support services.

The Group begins to recognize revenue once the arrangements are signed and as long as all the following conditions are met:

- the Group has signed a contract with a customer;
- the software or service has been delivered or made available;
- license fees are fixed and there are no uncertainties on the completion of the contract;
- revenue collection is probable.

Software license sales

Software license revenue comprises all amounts invoiced related to the right to use the software, either through an initial license or through the purchase of additional modules or user rights. This kind of license transfers a right of use of intellectual property as it stands at the time of the license grant. The revenue is thus recognized when the performance obligations are satisfied which means the source code is provided. In the pay-per-click mode, the revenue is recognized on actual consumption. The customer benefits from a combined offer with access to the license, potential updates imposed on the customer and maintenance. These performance obligations are not separated and the revenue is recognized on a straight-line basis as services are being delivered throughout the contract duration. At the end of the contract, the customer no longer has access to the solution.

Software maintenance

Software maintenance is included in most software license contracts and is generally priced as a percentage of the initial software license fees. Maintenance provides customers with rights to non-critical software upgrades, maintenance enhancements and access to the help desk during the term of the contract. Revenue is recognized on a straight-line basis over the term of the contract.

Professional services

Software implementation and support services represent revenue from consulting and implementation services sold separately under professional service contracts. Professional service contracts are accounted for on a percentage-of-completion basis based on the number of hours incurred over the period as a proportion of the total number of hours provided for in the contract. These estimates are continually re-evaluated and revised, when necessary, at each reporting date. Any adjustments to revenue and margins due to changes in estimates are accounted for in the period in which the change in estimates occurs. When estimates indicate that a loss will be incurred on a contract upon completion, a provision for the expected loss is recorded in the period in which the loss becomes evident.

6-1-2: SALES BREAKDOWN

- By business – Group sales

Group sales are composed of five revenue categories: (1) Mail-Related solutions, (2) Business Process Automation, (3) Customer Experience management, (4) Parcel Locker Solutions and (5) Other activities. The other activities comprise revenues that are not part of the four major solutions and include in particular graphics activities, other shipping software solutions and the automated packing systems (CVP).

	31 January 2021	31 January 2020
Mail-Related Solutions	686.7	789.5
Business Process Automation	69.8	64.9
Customer Experience Management	125.7	140.1
Parcel Locker Solutions	85.8	64.8
Other activities	61.4	83.4
TOTAL	**1,029.4**	**1,142.7**

- By business – Major Operations

Major Operations have been defined around the four major solutions defined above, in the two main geographic areas of North America and Europe, including twelve countries. To these are added, grouped under the name International, the Parcel Locker Solution revenue earned in Japan and Customer Experience Management revenue earned outside the twelve countries mentionned hereabove.

The revenues of Additional Operations are realized on activities that are not included in the four major solutions, in all geographic areas, as well as on the four major solutions outside the main geographic areas mentionned before.

	31 January 2021	31 January 2020
Mail-Related solutions	641.4	728.3
Business Process Automation	68.8	63.2
Customer Experience management	125.7	140.1
Parcel Locker Solutions	83.4	62.5
Major Operations	**919.3**	**994.1**
Additional Operations	**110.1**	**148.6**
TOTAL	**1,029.4**	**1,142.7**

- By type of revenue

	31 January 2021	31 January 2020
Equipment and license sales	300.8	363.8
Recurring revenue *	588.9	639.2
Rental revenue	139.7	139.7
TOTAL	**1,029.4**	**1,142.7**

* *Recurring revenue mainly comprises maintenance, professional services and software right-of-use.*

- By geographic area

	31 January 2021	31 January 2020
France - Benelux	186.6	208.3
North America	501.3	523.6
Germany - Austria - Switzerland - Italy	101.0	117.2
United Kingdom – Ireland	79.6	95.1
International[(a)]	50.8	49.9
Rest of the world[(b)]	110.1	148.6
TOTAL	**1,029.4**	**1,142.7**

(a) International sales correspond to Parcel Locker Solutions in Japan and Customer Experience Management outside the twelve major countries.
(b) "Rest of the world" sales correspond to the sales of the "Additional Operations" segment.

6-2: Accounts receivable and lease receivables

6-2-1: ACCOUNTING PRINCIPLES

Accounts receivable are recognized and recorded at the initial amount of the invoice. Accounts receivable may be written down for impairment. Depreciation is recognized as soon as a credit loss is expected. Expected credit losses are estimated taking into account historical loss experience, the age of the receivable and a detailed risk assessment. Unrecoverable receivables are recognized as losses when they are identified as such.

6-2-2: RECEIVABLES DETAIL

	31 January 2021	31 January 2020
Accounts receivable		
Gross value	252.9	251.3
Depreciation	(21.4)	(18.1)
Total	**231.5**	**233.2**
Lease receivables		
Short term	245.6	286.1
Long term	362.5	422.3
Gross value	**608.1**	**708.4**
Depreciation	(9.9)	(10.0)
Total	**598.2**	**698.4**
TOTAL	**829.7**	**931.6**

6-2-3: RECEIVABLE OVERDUE

	31 January 2021	31 January 2020
Accounts receivable – Gross value		
Not overdue	134.1	123.6
Overdue:	118.8	127.7
• <30 days	48.2	57.2
• 31-60 days	17.4	16.2
• 61-90 days	10.6	12.0
• 91-180 days	12.7	14.5
• 181-360 days	11.7	10.8
• >360 days	18.2	17.0
TOTAL	252.9	251.3

Credit risk is limited because of the diversity and the very high number of customers, as well as the low unit value of each contract.

6-2-4: ACCOUNTS RECEIVABLE DEPRECIATION

	31 January 2021	31 January 2020
Accounts receivable – Depreciation		
Depreciation at the beginning of the financial year	18.1	18.0
Charges	9.1	3.2
Used	(4.2)	(1.4)
Not used	(0.8)	(0.9)
Other	(0.3)	(1.0)
Translation difference	(0.5)	0.2
TOTAL	21.4	18.1

6-2-5: FINANCING LEASES

	31 January 2021	31 January 2020
Non-current receivables		
Financing leases – gross receivables	442.3	512.3
Unearned financial income	(79.8)	(90.0)
Total	**362.5**	**422.3**
Current receivables		
Financing leases – gross receivables	294.1	341.6
Unearned financial income	(48.5)	(55.5)
Total	**245.6**	**286.1**
Gross receivables on financing leases		
Less than one year	294.1	341.6
Between one to five years	437.8	503.6
More than five years	4.5	8.7
Total gross value	**736.4**	**853.9**

	31 January 2021	31 January 2020
Unearned financial income on financing leases	**(128.3)**	**(145.5)**
Net investment in financing leases		
Less than one year	245.6	286.1
Between one to five years	359.2	413.7
More than five years	3.3	8.6
TOTAL	**608.1**	**708.4**

6-2-6: BREAKDOWN BY MATURITY

	31 January 2021	<1 year	1 to 5 years	>5 years
Accounts receivable	252.9	252.9	-	-
Lease receivables				
Short term	245.6	245.6	-	-
Long term	362.5	-	359.2	3.3
	608.1	**245.6**	**359.2**	**3.3**
TOTAL	**861.0**	**498.5**	**359.2**	**3.3**

Depreciation on trade receivables is not broken down by maturity. However, the amount is relatively low and corresponds mainly to receivables of over 180 and 360 days.

Depreciation on lease receivables is not broken down by maturity. It is, however, not significant when compared to the amount of receivables.

	31 January 2020	<1 year	1 to 5 years	>5 years
Accounts receivable	251.3	251.3	-	-
Lease receivables				
Short term	286.1	286.1	-	-
Long term	422.3	-	413.7	8.6
	708.4	**286.1**	**413.7**	**8.6**
TOTAL	**959.7**	**537.4**	**413.7**	**8.6**

6-2-7: BREAKDOWN BY CURRENCY

	31 January 2021	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	252.9	108.1	98.1	4.0	25.4	8.0	0.8	1.8	1.3	1.3	2.4	1.7
Lease receivables												
Short term	245.6	49.1	155.5	2.5	25.3	3.1	1.4	1.1	0.1	1.3	6.2	-
Long term	362.5	95.1	204.1	4.7	33.0	6.1	2.7	2.1	0.2	2.5	12.0	-
	608.1	**144.2**	**359.6**	**7.2**	**58.3**	**9.2**	**4.1**	**3.2**	**0.3**	**3.8**	**18.2**	**-**
TOTAL	**861.0**	**252.3**	**457.7**	**11.2**	**83.7**	**17.2**	**4.9**	**5.0**	**1.6**	**5.1**	**20.6**	**1.7**

The column "Other" groups the following currencies: Singapore dollar, Indian rupee, Czech koruna, Polish zloty, Brazilian real, Chinese yuan, Hungarian florin and New Zealand dollar.

	31 January 2020	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	251.3	103.6	92.9	2.2	27.6	6.9	1.0	3.0	2.5	1.5	6.9	3.2
Lease receivables												
Short term	286.1	52.2	182.9	3.6	32.6	2.8	1.3	1.4	0.1	1.7	7.2	0.3
Long term	422.3	111.9	234.8	5.5	41.0	6.2	2.9	2.4	0.1	3.5	14.0	0.0
	708.4	**164.1**	**417.7**	**9.1**	**73.6**	**9.0**	**4.2**	**3.8**	**0.2**	**5.2**	**21.2**	**0.3**
TOTAL	**959.7**	**267.7**	**510.6**	**11.3**	**101.2**	**15.9**	**5.2**	**6.8**	**2.7**	**6.7**	**28.1**	**3.5**

6-3: Current operating income and EBITDA

6-3-1: ACCOUNTING PRINCIPLES

Gross margin is defined as the difference between sales and cost of sales.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is determined by adding to the current operating profit the amount of depreciation and amortization of fixed assets.

Cost of sales

Cost of sales consists of production-related direct costs (purchases, labor) plus depreciation of equipment rented to customers and sales-related transport and logistics costs.

Research and development expenses

Research and development expenses comprise the cost of carrying out research work, including depreciation of equipment used in this activity.

These costs are expensed in the year in which they are incurred, and are clearly identified in the income statement.

Development expenses that meet the capitalization criteria are presented in the balance sheet under intangible fixed assets (see note 4-2-2 on intangible fixed assets) and are then amortized.

Sales and marketing expenses

Sales and marketing expenses include the costs of sales departments, including advertising and promotion costs, and the cost of selling supplies.

6-3-2: GROSS MARGIN AND EBITDA CALCULATION

	31 January 2021		31 January 2020	
	Gross value	In%	Gross value	In%
Sales	1,029.4	100.0%	1,142.7	100.0%
Cost of sales	(285.7)	(27.8)%	(302.1)	(26.4)%
Gross margin	**743.7**	**72.2%**	**840.6**	**73.6%**
Current operating expenses	(611.6)	(59.4)%	(671.0)	(58.7)%
Current operating profit*	**132.1**	**12.8%**	**169.6**	**14.8%**
Amortization of fixed assets	113.9	11.1%	112.5	9.8%
EBITDA	**246.0**	**23.9%**	**282.1**	**24.7%**

* *The current operating profit of the year 2020 includes the reversal of Parcel Pending unpaid earn-out for an amount of 6.5 million euros.*

6-4: Breakdown of expenses by category

	31 January 2021	31 January 2020
Cost of inventories recognized as expenses	257.9	285.8
Wages, bonuses, commissions and payroll charges	429.8	465.8
Rents and associated costs	5.0	9.0
Fees	45.7	40.9
Transport and travel	21.6	41.0
Fixed assets – depreciation and amortization	113.9	112.5
Other	23.4	18.1
Total expenses by category	**897.3**	**973.1**
Cost of sales	285.7	302.1
Operating expenses	611.6	671.0
TOTAL	**897.3**	**973.1**

6-5: Inventories and work in progress

6-5-1: ACCOUNTING PRINCIPLES

Inventories and work in progress are measured at the lower of the cost or replacement value (for purchased goods) or the cost of full production (for produced goods) and must not exceed the net realizable value.

Cost price is calculated using the weighted average cost method.

Depreciation is calculated on the basis of inventory turnover and the obsolescence of equipment and goods.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries which store this equipment is eliminated.

6-5-2: INVENTORIES BY CATEGORIES

	31 January 2021			31 January 2020		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	8.5	(0.7)	7.8	6.7	(0.7)	6.0
Raw materials	13.5	(2.1)	11.4	13.4	(2.0)	11.4
Finished goods	59.6	(10.3)	49.3	67.4	(10.7)	56.7
Spare parts	4.4	(1.7)	2.7	4.6	(1.8)	2.8
TOTAL	**86.0**	**(14.8)**	**71.2**	**92.1**	**(15.2)**	**76.9**

6-5-3: CHANGES IN INVENTORIES

	31 January 2021	
	Gross value	Depreciation
Opening	92.1	(15.2)
Net inventory entries	2.6	-
Charges	-	(2.2)
Reversals	-	1.5
Change in scope	(7.9)	0.8
Other	0.6	0.1
Translation difference	(1.4)	0.2
TOTAL	**86.0**	**(14.8)**

6-6: Other operating liabilities

The other operating liabilities for an amount of 199.7 million euros as at 31 January 2021 compared with 201.4 million euros as at 31 January 2020 mainly comprise customer credit balances, debts to employees and deposits made by customers in relation to postage prepayment.

6-7: Expenses and gains related to acquisitions

Transaction costs related to acquisitions are recorded under current operating expenses and presented on a separat line entitled "Expenses related to acquisitions". This line includes consultants' fees and amortization of intangible assets at the time of purchase price allocation.

	31 January 2021	31 January 2020
Consultants' fees	9.9	7.1
Amortization of intangible fixed assets after purchase price allocation	6.6	8.4
Other expenses related to acquisitions*	3.0	-
EXPENSES RELATED TO ACQUISITIONS	**19.5**	**15.5**

* *Costs related to YayPay acqusition (non-recourse loan to YayPay founders) and to ProShip divestment (mainly retention bonuses contingent to the transaction closing).*

6-8: Structure optimization expenses – net of reversals

The Group pursued the optimization of its structure. An expense of 16.4 million euros, net of an unused provision reversal of 0.6 million euros, is recorded in this regard in 2020, compared with an expense of 10.1 million euros in 2019. This expense is mainly related to the costs incurred by the implementation of certain initiatives related to reorganizations within the Group and to expenses related to workforce reduction.

6-9: Other operational expenses and income

	31 January 2021	31 January 2020
Quadient Oceania divestment	(18.2)	-
Assets held for sale depreciation	-	(3.1)
Fixed assets depreciation	-	(5.3)
Other	(1.4)	(3.5)
OTHER OPERATIONAL (EXPENSES) INCOME	**(19.6)**	**(11.9)**

In 2020, Quadient Oceania divestment leads to an expense of 18.2 million euros, related to net assets of the company divested release and to the recognition of the cumulative translation adjustments in the profit & loss statement.

In 2019, the recognition under IFRS 5 of ProShip divestment which occurred at the beginning of 2020 financial year led to an expense of 3.1 million euros.

In 2019, following the decision to shutdown the Temando businesses, the net value of the intangible assets recognized as part of the purchase price allocation was scrapped from the balance sheet, resulting to an expense of 5.3 million euros.

In 2019, after the change of the name of the group Quadient, some costs incurred as part of the change of the visual identity for an amount of approximately 3.0 million euros, presented in the line "Other".

6-10: Off-balance sheet commitments related to operational activities

	Currency	31 January 2021	31 January 2020
Bank guarantee in favor of the British postal service	GBP	0.8	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7

NOTE 7 SEGMENT INFORMATION

Since the announcement of the Group's strategy in January 2019, Quadient's activity is split into two big categories: the Major Operations and the Additional Operations.

- Major Operations

Quadient focuses on four major solutions which are businesses where Quadient has already built strong legitimacy and that have the potential to reach a significant size and/or provide significant growth potential. These solutions are (1) the Mail-Related solutions, (2) the Business Process Automation, (3) the Customer Experience management and (4) the Parcel Locker Solutions.

From a geographical standpoint, Quadient concentrates its efforts on twelve countries gathered in four segments: North America (NORAM), France - Benelux (FR-BNL), Germany, Austria, Switzerland, Italy (DACH-IT) and United Kingdom -Ireland (UK-IE).

At the beginning of 2020, a fifth segment has been created in the major operations, the International segment which groups two activities: the Parcel Lockers in Japan and Customer Experience Management solutions in the other regions of the world. These two activities have revealed a strong potential of growth for the future and a real complementarity with the rest of the major operations.

- Additional Operations

The portfolio of additional operations includes operations outside the main geographies as well as other activities, in particular graphics activities, other shipping software solutions and the automated packing system (CVP).

The segment "Innovation" includes in 2019 and in 2020 the charges linked to the development of new projects for Customer Experience management.

Quadient's net income breaks down by segment as follows:

	FR-BNL	*NORAM*	*DACH-IT*	*UK-IE*	*International*	*Innovation*	Major Operations	Additional Operations	31 January 2021
Total sales	*186.6*	*501.3*	101.0	*79.6*	*50.7*	*0.1*	919.3	110.1	**1,029.4**
Segment income	*42.2*	*93.1*	*12.5*	*9.5*	*4.5*	*(9.1)*	152.7	(1.1)	**151.6**
in percentage	*22.6%*	*18.6%*	*12.4%*	*11.9%*	8.9%	n/a	16.6%	(1.0)%	14.7%
Expenses related to acquisitions									(19.5)
Current operating income									**132.1**
Structure optimization expenses									(16.4)
Proceeds from net assets sales									(0.2)
Other operational expenses and income									(19.6)
Operating income									**95.9**
Financial result									(31.6)
Share of results of associated companies									0.9
Income taxes									(23.8)
NET INCOME									**41.4**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Innovation	Major Operations	Additional Operations	31 January 2020
Total sales	*208.3*	*523.6*	*117.2*	*95.1*	*49.8*	*0.1*	994.1	148.6	**1,142.7**
Segment income	*50.1*	*106.3*	*16.1*	*16.4*	*7.7*	*(8.3)*	188.3	(3.2)	**185.1**
in percentage	*24.1%*	*20.3%*	*13.7%*	*17.2%*	*15.4%*	*n/a*	18.9%	(2.1)%	16.2%
Expenses related to acquisitions									(15.5)
Current operating income									**169.6**
Impairment of goodwill									(70.4)
Structure optimization expenses									(10.1)
Proceeds from net assets sales									(0.2)
Other operational expenses and income									(11.9)
Operating income									**77.0**
Financial result									(41.1)
Share of results of associated companies									0.8
Income taxes									(21.4)
NET INCOME									**15.3**

Transfer prices between divisions are the prices that would have been set under normal competitive conditions, as for a transaction with third parties.

Amounts recognized during the year but which had no effect on Group cash (before amortization, depreciation and provisions) mainly relate to amounts in respect of share-based payments, represent an expense of 0.2 million euros, compared with an expense of 0.7 million euros in 2019.

The financial result is mainly due to the financial costs associated with each line of debt. The breakdown of the impacts of hedge accounting is presented in note 12 for the portion of derivative financial instruments related to foreign exchange and interest rates.

The balance sheet breaks down by segment as follows:

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2021
Segment assets	*887.5*	*852.8*	*212.9*	*271.7*	*86.1*	*2,311.0*	13.2	636.1	2,960.3
TOTAL ASSETS									**2,960.3**
Segment liabilities	*139.9*	*274.1*	*64.1*	*96.6*	*38.8*	613.5	24.5	1,081.9	1,720.0
Equity									1,240.3
TOTAL LIABILITIES									**2,960.3**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2020
Segment assets	*1,018.7*	*883.5*	*212.8*	*272.1*	*80.5*	2,467.6	24.7	623.0	3,115.3
Total assets									**3,115.3**
Segment liabilities	*141.8*	*275.9*	*64.8*	*95.1*	*33.8*	611.4	43.8	1,211.5	1,866.7
Equity									1,248.6
Total liabilities									**3,115.3**

The column "Other" includes the net indebtedness of Quadient S.A., assets and liabilities coming from factories, supply-chain and leasing companies as well as some assets and liabilities that cannot be allocated to an operational segment.

Other segment items break down by sector as follows:

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2021
Investments of the period									
Tangible fixed assets	10.3	19.1	0.7	0.6	4.4	35.1	0.7	1.8	37.6
Intangible fixed assets	0.3	0.7	0.4	0.0	0.0	1.4	5.3	27.5	34.2
Investments	**10.6**	**19.8**	**1.1**	**0.6**	**4.4**	**36.5**	**6.0**	**29.3**	**71.8**
Assets right-of-use	4.9	7.1	2.8	0.3	0.6	15.7	1.3	0.8	17.8
TOTAL INVESTMENTS	**15.5**	**26.9**	**3.9**	**0.9**	**5.0**	**52.2**	**7.3**	**30.1**	**89.6**
Amortization of the period									
Tangible fixed assets	14.3	18.6	0.6	0.9	9.5	43.9	0.9	3.1	47.9
Intangible fixed assets	0.8	2.8	3.0	0.3	0.1	7.0	2.2	34.3	43.5
Amortization	**15.1**	**21.4**	**3.6**	**1.2**	**9.6**	**50.9**	**3.1**	**37.4**	**91.4**
Assets right-of-use	8.0	6.2	1.5	1.4	0.4	17.5	1.9	3.1	22.5
TOTAL AMORTIZATION	**23.1**	**27.6**	**5.1**	**2.6**	**10.0**	**68.4**	**5.0**	**40.5**	**113.9**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2020
Investments of the period									
Tangible fixed assets	11.3	23.3	1.2	0.9	20.2	56.9	1.0	2.2	60.1
Intangible fixed assets	0.4	1.3	0.7	0.3	0.0	2.7	2.1	30.9	35.7
Investments	**11.7**	**24.6**	**1.9**	**1.2**	**20.2**	**59.6**	**3.1**	**33.1**	**95.8**
Assets right-of-use	5.5	5.9	1.5	(0.8)	0.0	12.1	1.4	-	13.5
Total investments	**17.2**	**30.5**	**3.4**	**0.4**	**20.2**	**71.7**	**4.5**	**33.1**	**109.3**
Amortization of the period									
Tangible fixed assets	14.7	19.5	0.5	1.0	7.9	43.6	1.2	3.0	47.8
Intangible fixed assets	0.9	3.3	2.4	0.2	0.1	6.9	2.6	33.4	42.9
Amortization	**15.6**	**22.8**	**2.9**	**1.2**	**8.0**	**50.5**	**3.8**	**36.4**	**90.7**
Assets right-of-use	7.7	5.1	1.6	1.1	0.4	15.9	2.8	3.1	21.8
Total amortization	**23.3**	**27.9**	**4.5**	**2.3**	**8.4**	**66.4**	**6.6**	**39.5**	**112.5**

NOTE 8 ASSETS RIGHT-OF-USE AND LEASE OBLIGATIONS

Quadient has been applying IFRS 16 – Leases since 1 February 2019. The standard requires the lessees to recognize an asset right-of-use and a lease obligation, without differentiating between operating leases and finance leases.

The first application has been done using the simplified retrospective approach, the details concerning the impacts of the first application on the financial statements are exposed in the note 2-1 of 2019 universal registration document.

For Quadient, the contracts within the scope of IFRS 16 are mainly real estate leases and car rentals.

Quadient applied the exemptions allowed by IFRS 16, in particular to not recognize contracts that cover a period of less than twelve months and leases for which the underlying asset is of a low value. The application of IFRS 16 to lease contracts on intangible assets is an option that the Group chose not to pursue.

In order to assess the residual duration for real estate leases, the Group has made an analysis of its sites, to consider renewals reasonably certain to be exercised. This duration is in general nine years concerning the French contracts. The Group called upon the services of an external company to determine the discount rates to be applied on leases, reflecting the geographical area and the remaining life of the lease.

As of 31 January 2021, the impacts of IFRS 16 application in the income statement, cash flow statement and balance sheet are as follows:

- **Impacts on the income statement**

	31 January 2021	31 January 2020
Cancellation of rent expenses	23.5	24.0
Amortization expenses	(20.8)	(21.8)
EBIT impact	**2.7**	**2.2**
Amortization of the period	20.8	21.8
EBITDA impact	**23.5**	**24.0**
Financial interests	(2.4)	(2.6)
Other operational expenses *	(1.3)	-
NET INCOME IMPACT	**(1.0)**	**(0.4)**

* *This line includes the asset right-of-use impairment related to the sites closed in 2020.*

- **Impacts on the cash flow statement**

	31 January 2021	31 January 2020
Net income	(1.0)	0.4
Amortization	22.5	21.8
Net cost of debt	2.4	2.6
Interests paid	(2.4)	(2.6)
Other	(0.2)	-
Net cash flow from operating activities	**21.3**	**22.2**
Impact of changes in the assets right-of-use	(17.8)	(13.5)
Net cash flow from investing activities	**(17.8)**	**(13.5)**
Repayment of lease obligations	(3.5)	(8.7)
Net cash flow from financing activities	**(3.5)**	**(8.7)**
CHANGE IN NET CASH	**-**	**-**

- **Tables of variations of the assets right-of-use and the lease obligations**

As of 31 January 2021, the net assets right-of-use amounts to 62.6 million euros.

	Buildings	Other intangible assets	Assets right-of-use
Gross value at 31 January 2020	**124.2**	**14.5**	**138.7**
New contracts/renewals	13.0	4.8	17.8
Scope variations	(2.3)	-	(2.3)
Other changes*	(18.5)	-	(18.5)
Translation differences	(3.7)	-	(3.7)
Gross value at 31 January 2021	**112.7**	**19.3**	**132.0**
Amortization at 31 January 2020	**(61.9)**	**(5.8)**	**(67.7)**
Charges	(16.7)	(5.8)	(22.5)
Scope variations	2.3	-	2.3
Other changes*	16.8	-	16.8
Translation differences	1.7	-	1.7
Amortization at 31 January 2021	**(57.8)**	**(11.6)**	**(69.4)**
NET BOOK VALUE AT 31 JANUARY 2021	**54.8**	**7.7**	**62.6**

* *Other changes concern terminated contracts or contracts not renewed in 2020.*

As of 31 January 2021, the lease obligations amount to 73.6 million euros including 53.8 million euros of long term portion.

	31 January 2020	Debt modification	Reimburse-ments	Translation differences	Other variations*	31 January 2021
Non-current lease obligations	61.4	8.4	0.0	(2.5)	(13.5)	53.8
Current lease obligations	20.0	9.4	(21.3)	-	11.7	19.8
LEASE OBLIGATIONS	**81.4**	**17.8**	**(21.3)**	**(2.5)**	**(1.8)**	**73.6**

* *Other variations are mainly related to reclassifications and divestment impacts.*

NOTE 9 CASH FLOW DETAILS

Cash flows correspond to consolidated balance sheet items. However, these flows may differ from balance sheet changes in particular due to the translation of operations in foreign currencies, translation of subsidiaries' financial statements denominated in foreign currencies and changes in the scope of consolidation.

9-1: Expenses (income) with no cash effect or with cash effect below operating activities

	31 January 2021	31 January 2020
Amortization of fixed assets	113.9	112.5
Provisions (reversals)	3.2	(4.9)
(Gains) and losses on changes in fair value	(0.9)	2.6
(Proceeds) expenses from share based payments	0.2	0.7
Reversal of earn out not paid	(6.5)	-
Quadient Oceania divestment	18.8	-
Goodwill impairment	-	70.4
Intangible assets impairment	-	5.3
Other	3.5	1.5
TOTAL	**132.2**	**188.1**

As at 31 January 2021, the provisions variation mainly relates to added charges on assets depreciation for an amount of 5.3 million euros and to reversals on provisions presented in liabilities for (1.8) million euros.

As at 31 January 2020, the provision variation mainly related to net reversals on assets depreciation for an amount of 1.1 million euros and to reversals on provisions presented in liabilities for 3.8 million euros.

As at 31 January 2021, the line "Other" mainly includes the reclassification of the expenses related to the changes in scope in investing activities cash-flow and the research tax credit for (1.8) million euros.

As at 31 January 2020, the line "Other" mainly included the depreciation of ProShip assets classified as assets held for sale for 3.1 million euros and the research tax credit for (2.2) million euros.

9-2: Changes in working capital

	31 January 2021	31 January 2020
Inventories variation	(2.6)	(6.8)
Trade accounts receivable variation	(15.5)	(2.1)
Deferred income variation	(4.3)	5.6
Trade payables variation	(1.0)	2.2
Other current assets and liabilities variation	25.6	(6.1)
TOTAL	**2.2**	**(7.2)**

Changes in the other current assets and liabilities is mainly explained by (i) timing differences on prepayments and (ii) postponment of VAT and other taxes payments in some countries where the Group operates.

9-3: Impact of changes in scope

As at 31 January 2021, the acquisition of YayPay has generated a net cash out of 20.5 million euros. The effective divestment of ProShip, realized on 28 February 2020, has generated a net cash collection of 10.5 million euros. The divestment of Quadient Oceania has generated a net cash collection of 1.1 million euros.

As at 31 January 2020, Quadient Data Netherlands BV (former Human Inference) divestment generated a cash collection of 1.2 million euros. The tax paid on Quadient Data USA (former Satori) sale triggered a cash out of 12.5 millions euros in tax in the United States.

9-4: New borrowings and repayment of borrowings

In February 2020, Quadient issued a *Schuldschein* private placement under German law for 13.0 million United States dollars and 30.5 million euros with different maturities. In February 2020, Quadient repaid at maturity a *Schuldschein* private placement under German law for 30.0 million United States dollars and 17.0 million euros. Quadient also bought back 15.0 million euros of the bond 2.50% maturing in June 2021 reducing the outstanding amount to 163.2 million of euros. In June 2020, Quadient repaid at maturity 5.0 million United States dollars of the United States private placement. In September 2020, Quadient repaid at maturity 30.0 million United States dollars of the United States private placement and repaid 85.0 million United States dollars of the United States private placement maturing in 2021 and 2022.

9-5: Reconciliation of the liabilities flows coming from financing activities

		Cash-flow movements		Non-cash changes		
	31 January 2020	New debt	Repayment	Other *	Translation difference	31 January 2021
Non-current financial debt	993.9	46.6	(151.8)	(88.2)	(33.4)	767.1
Current financial debt	86.7	1.8	(2.1)	94.2	(0.0)	180.6
FINANCIAL DEBT	**1,080.6**	**48.4**	**(153.9)**	**6.0**	**(33.4)**	**947.7**

* *The column "Other" mainly includes reclassifications and the variation of accrued interests not yet due.*

NOTE 10 HEADCOUNT AND EMPLOYEE BENEFITS

10-1: Headcount

The geographical breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, is as follows:

	France	North America	United Kingdom	Netherlands	Rest of the world	Total
31 January 2021	**1,285**	**1,728**	**690**	**287**	**1,245**	**5,235**
31 January 2020	1,320	1,875	715	292	1,491	5,693

The breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, by type of activity is as follows:

	Sales	Services	Manufacturing	Research & development	Leasing	Administration	Total
31 January 2021	**1,685**	**1,242**	**598**	**664**	**63**	**983**	**5,235**
31 January 2020	1,871	1,362	608	752	68	1,032	5,693

At 31 January 2021, the Group had 108 temporary staff compared with 116 at 31 January 2020.

10-2: Employee benefits

Employee benefits are measured in accordance with IAS 19. They comprise short-term benefits, long-term benefits and post-employment benefits.

Group employees are entitled to short-term benefits such as paid vacation, paid sick leave, bonuses and other benefits (other than termination benefits), payable within twelve months of the end of the period in which the corresponding services are rendered by employees. These benefits are recorded in current liabilities and expenses of the period in which the service is rendered by the employee.

Long-term benefits (during employment), payable before the employee's departure, correspond primarily to long-service bonuses. Post-employment benefits are paid when an employee retires and include retirement bonuses, supplementary pension benefits and coverage of certain medical costs for retired employees and employees on early retirement.

	31 January 2021	31 January 2019
Wages and salaries, bonuses and commissions	338.1	366.4
Social costs	90.9	98.4
Share-based payments	0.2	0.7
Pension expenses under defined contribution plans	0.6	0.3
TOTAL	**429.8**	**465.8**

10-3: **Retirement benefit obligations**

10-3-1: ACCOUNTING PRINCIPLES

Group companies participate in pension schemes and other staff benefits in accordance with the laws and customs of each country.

The measurement and accounting policies applied by the Group with respect to these liabilities are in accordance with IAS 19:

- defined benefit schemes under which the employer guarantees a future level of benefits: the liabilities are measured on the basis of actuarial valuations using the projected unit of credit method. These calculations use assumptions regarding mortality rates, staff turnover and wages, which reflect the economic conditions in each country or for each Group company. The liabilities are recognized under "Provisions for retirement benefit obligations". Termination benefits are generally lump-sum payments based upon the number of years served by the employee and his/her salary as at retirement or termination of employment. Pension benefits are generally determined using a formula based on the number of years served by the employee and his/her average final earnings;
- defined contribution schemes: the cost of these schemes is recognized as an expense on the basis of contributions made. These schemes have no legal or constructive obligation to pay further contributions, the employer's obligation is limited to the regular payment of contributions.

10-3-2: OBLIGATION DETAILS

The main retirement obligation for the Group is the obligation for the United Kingdom. This retirement obligation is mainly covered by a pension fund showing a net asset of 36.3 million euros (32.1 million pounds sterling) as at 31 January 2021 compared with 43.0 million euros (36.2 million pounds sterling) as at 31 January 2020. It is accounted for in non-current assets. When a pension plan shows a net asset based on the assumptions used, IAS 19 states that this net asset should only be recognized in the balance sheet if an economic benefit is possible for the Company. Regarding the rules of the pension plan, Quadient has an unconditional repayment right of all the amounts left in the plan after the payment of the last pension to the last member of the pension plan. Quadient considers this to be a sufficient justification to recognize the net asset of the pension fund in the consolidated balance sheet, in accordance with IAS 19/IFRIC 14.

The United Kingdom pension plan has not admitted any new members since 2001 and the rights of its members were frozen in June 2006. Every three years, the British regulator requires a valuation using different assumptions than those used for the valuation under IAS 19. If the valuation requested by the British regulator shows a deficit, Quadient has to make payments to offset it. The valuation performed for the British regulator in June 2020 identifies a non significant deficit related to the deteriorated economic conditions of the middle of the year 2020.

The retirement benefits of French employees are not covered by investments in pension funds except for Quadient France which has subscribed an insurance contract.

	31 January 2021	31 January 2020
Change in value of obligations		
Present value of obligations at start of period	214.0	189.9
Service cost	1.7	1.2
Discounting cost	3.3	4.4
Actuarial (gains) or losses	10.4	21.0
Payments made	(9.8)	(10.9)
Scope variation	0.2	(0.2)
Other, including translation difference	(8.5)	8.6
Present value of liabilities at end of period	**211.3**	**214.0**
Change in hedging assets		
Fair value of hedging assets at beginning of period	232.0	204.9
Expected return on plan assets	3.5	4.6
Actuarial gains (losses)	5.3	22.5
Contributions paid by employer	2.8	1.1
Payments made by fund	(8.8)	(10.2)
Other, including translation difference	(10.9)	9.1

	31 January 2021	31 January 2020
Fair value of hedging assets at end of period	**223.9**	**232.0**
Financial hedging		
Plans' position	12.6	18.0
of which recognized in assets	36.3	43.0
of which recognized in liabilities	(23.7)	(25.0)
Amount recognized in the consolidated income statements		
Service cost	1.7	1.2
Discounting cost	3.3	4.4
Expected return on plan assets	(3.5)	(4.6)
Total retirement benefit expense	**1.5**	**1.0**
Amount recognized in the consolidated statements of comprehensive income		
Actuarial (losses)/gains	**5.1**	**(1.5)**
On obligations	10.4	21.0
On hedging assets	(5.3)	(22.5)
Cumulated actuarial (losses)/gains	**(0.4)**	**(5.5)**
Actuarial assumptions		
Discount rate*	1.4%	1.8%
Expected long-term inflation rate – Retail Price Inflation (RPI)*	3.0%	2.8%
Expected long-term inflation rate – Consumer Price Index (CPI)*	2.0%	2.0%
Expected long-term rate of annuity increases*	2.9%	2.7%
Breakdown of hedging assets		
Equities	21%	20%
Bonds	23%	23%
Real estate	3%	4%
Other investments	53%	53%

* *The above actuarial assumptions relate to the English subsidiary which alone accounts for more than 77% of the Group's retirement benefit obligations.*

10-3-3: CHANGES IN OBLIGATIONS

Group pension liabilities were as follows over the last five years:

	2020	2019	2018	2017	2016
Obligation – present value	211.3	214.0	189.9	202.2	210.1
Fair value of assets	223.9	232.0	204.9	213.8	215.0
Plan (surplus)/deficit	**(12.6)**	**(18.0)**	**(15.0)**	**(11.6)**	**(4.9)**
Actuarial gains/(losses):					
On liabilities	10.4	21.0	(4.3)	1.2	(31.7)
On assets	(5.3)	(22.5)	1.4	(4.4)	27.4

The discount rates used are based on the yields on bonds issued by high quality companies (AA) or, where the market is not liquid, on government bonds with the same maturity as the calculations and the same currency (reference: Iboxx). These references are compliant with the requirements of IAS 19 and are the same as those used in previous years.

The effective return on the Group assets plan in 2020 is a gain of 1.5% compared with 2.3% in 2019.

Assumptions such as medical expenses of retired employees are not included in this plan. In terms of salary, only the last salaries at the time the plan was frozen are taken into account, without revaluation (only the annuity is revaluated).

Actuarial differences are systematically recognized in shareholders' equity and reported under the consolidated statement of comprehensive income. The cumulative actuarial difference shows a loss of 0.4 million euros as at 31 January 2021 compared with a loss of 5.5 million euros as at 31 January 2020.

The expense related to the French subsidiaries' defined contribution pension plans amounted to 0.6 million euros in 2020 compared with 0.3 million euros in 2019.

10-4: Share-based payments

10-4-1: ACCOUNTING PRINCIPLES

Group employees, including top management, may receive remuneration based on shares. They will ultimately receive equity instruments in return for services rendered. The fair value is determined by an outside consultant using an appropriate valuation method.

The cost of equity-settled transactions with employees is measured at the fair value of the instruments awarded at the vesting date. The cost is recognized over the period in which the performance terms are met and/or the services are rendered, with the balancing entry being an equivalent increase in equity. The cumulative expense recognized for such transactions at the end of each period until the rights acquisition date reflects the run-off of this acquisition period and the Group's best estimate at that date of the number of instruments to be acquired.

The awarding of these instruments is subject to the beneficiary being on the Company's payroll at the delivery date of the options or free shares and for some of the plans, to the achievement of performance targets. It is not possible to settle these options or these free shares in cash.

10-4-2: STOCK OPTION PLANS

No more stock options have been granted since January 2012. Arrangements relating to plans still in force are described in previous Quadient registration documents.

Options have been valued based on the Bjerksund & Stensland (2002) model to which the non-transferability value is added as calculated by the difference between the Bjerksund & Stensland model and the Black, Scholes & Merton (1973) model for options with a duration equivalent to the non-transferability period.

The stock-option plans terms and conditions approved by the Annual General Meeting are as follows:

Start date	Adjusted number of options granted[a]	Of which subject to conditions[b]	Adjusted exercise price[a] *(in euros)*	Outstanding options 31/01/2020	Options expired	Options cancelled or adjusted[a]	Outstanding options 31/01/2021	Expiry date
12/01/2011	245,585	41,018	60.86-62.32	127,906	(127,906)	-	-	12/01/2021
12/01/2012	267,538	76,917	47.76-48.85	117,987	-	(22,529)	95,458	12/01/2022

(a) Adjusted number since the payment of the balance of the dividend partly issued from capital reserves.
(b) Options granted with performance conditions.

10-4-3: FREE SHARE PLANS

Free shares are granted for the purposes of:

- attracting and retaining high potential employees;
- acknowledging exceptional performance;
- fostering strong motivation and commitment to the Company's performance by granting specific free share plans based on the Group's future results.

The fair value of the shares thus granted is calculated based on the share price on the allocation date from which anticipated dividend are deducted. The overall expense was calculated by estimating a number of shares whose ownership will be transferred corresponding to a percentage of the maximum attributable amount. This assumption is considered the most likely on the date of allocation. This expense is spread out over the vesting period. The number of shares is adjusted at each closing date and the expense is revaluated consequently to ensure that the period expense corresponds to the number of shares effectively attributed.

The shares granted with performance conditions are dependent on the performance indicators below:

- growth in consolidated sales;
- current operating margin (current operating income divided by consolidated sales);
- shareholder return (variation in the share price over the period plus dividends compared with the average performance of companies belonging to the same index as Quadient).

The vesting period is three years in one block.

Start date	Number of shares granted	Of which subject to conditions[a]	Outstanding shares 31/01/2020	Shares granted	Shares delivered	Shares cancelled	Outstanding shares 31/01/2021
01/07/2015	199,500	199,500	90	-	(90)	-	-
27/03/2017	246,700	246,700	174,000	-	(26,158)	(147,842)	-
28/06/2018	226,600	226,600	220,500	-	-	(25,900)	194,600
26/04/2019	12,000	12,000	12,000	-	-	(11,000)	1,000
23/09/2019	391,030	391,030	391,030	-	-	(14,730)	376,300
06/01/2020	5,000	5,000	5,000	-	-	-	5,000
15/01/2021	386,000	-	-	386,000	-	-	386,000

(a) Shares granted with performance conditions. Shares granted with performance conditions have a lock-up period of two years, vs. three years for other shares. The date of the end of the lock-up period is the later date.

10-4-4: CHANGES IN SHARE-BASED PAYMENTS VALUATION

Expenses recorded with respect to the profit-sharing, incentive plans and share-based payments are as follows:

	31 January 2021	31 January 2020	31 January 2019	31 January 2018	31 January 2017
Free share granted valuation	0.2	0.7	0.7	(0.6)	0.4

10-5: Long term incentives (phantom shares)

As regards to the long term incentives plans, the liability is recognized when the phantom shares are attributed and the expense, spread out over the acquisition period (four years for 2016 plan and three years for 2017 plan), represents the valuation of the number of phantom shares attributed at the last share price before the end of financial year. At each closing date, the provision is revaluated based on the last share price and the changes in headcount.

Plan	Number of shares originally granted	Number of out-standing shares	31 January 2020	Added	Reversals	Other	31 January 2021
July 2016	147,600	-	0.6	-	(0.6)	0.0	-
March 2017	98,020	-	0.8	-	(0.8)	0.0	-
LONG TERM INCENTIVES			**1.4**	**-**	**(1.4)**	**0.0**	**-**

At the 31 January 2021, there are no more long term incentives ongoing plans.

10-6: Executive compensation

The main role of the management team is to make strategic decisions for the Group and coordinate their implementation around the world.

The gross remuneration of the management team amounted to 4.3 million euros in 2020, compared with 4.3 million euros in the previous year.

Variable remuneration is determined on the basis of attaining Group sales, operating income and capital employed targets.

The Group recognized an expense of 0.6 million euros in 2020 in respect of free shares allocation plans granted to the management team, compared with 0.7 million euros in 2019. 73,000 shares were granted to members of the management team during the 2020 financial year compared with 83,000 in the previous year.

With respect to pensions, the Chief Executive Officer, as well as a number of other Group executives, benefit from a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the social security ceiling.

Some enjoy a defined benefit pension scheme (article 39 of the French general tax code) with an annuity obligation of 1.1% of pay per year of service for a minimum of eight years and a maximum of twenty years. This annuity is paid after the deduction of the annuities paid within the usual defined contribution plans. There are no new beneficiaries in the defined benefit pension scheme. The amount of these liabilities at the end of January 2021 totaled 0.6 million euros compared with 2.2 million euros as at 31 January 2020 and concerns the members of the management team. The cumulative payments stand at 6.8 million euros as at 31 January 2021.

NOTE 11 OTHER PROVISIONS, CONTINGENT LIABILITIES AND OTHER NON-CURRENT DEBTS

11-1: Other provisions

11-1-1: ACCOUNTING PRINCIPLES

Provisions are recognized when the following conditions are met simultaneously at the end of the period in question:

- a current obligation (legal, regulatory, contractual or implied) resulting from past events;
- a probability that an outflow of resources will be necessary to extinguish the obligation with no offset expected;
- an amount that can be reliably measured.

Provisions are split on the balance sheet between current and non-current liabilities.

11-1-2: CHANGES IN OTHER PROVISIONS

	31 January 2020	Added	Used	Non-used	Other	31 January 2021	Current portion	Non-current portion
Other provisions								
Structure optimization	4.5	15.2	(13.9)	(0.6)	0.3	5.5	5.5	-
Business risk/customer guarantees	0.2	0.3	(0.0)	0.0	0.0	0.5	0.5	-
Dispute provisions	4.1	0.9	(0.7)	(0.1)	(0.0)	4.2	1.9	2.3
Other	3.7	1.5	(1.2)	(0.2)	(0.2)	3.6	2.3	1.3
	12.5	**17.9**	**(15.8)**	**(0.9)**	**0.1**	**13.8**	**10.2**	**3.6**
Retirement benefit obligations – note 10-3	25.0	2.3	(3.8)	0.0	(0.3)	23.2	-	23.2
Long term incentives – note 10-5	1.4	0.0	(0.9)	(0.5)	(0.0)	0.0	0.0	0.0
TOTAL	**38.9**	**20.2**	**(20.5)**	**(1.4)**	**(0.2)**	**37.0**	**10.2**	**26.8**

	31 January 2019	Added	Used	Non-used	Other	31 January 2020	Current portion	Non-current portion
Other provisions								
Structure optimization	5.1	11.3	(10.9)	(1.2)	0.2	4.5	4.5	-
Business risk/customer guarantees	0.3	0.0	(0.1)	-	-	0.2	0.2	-
Dispute provisions	4.4	1.0	(0.7)	(0.4)	(0.2)	4.1	1.9	2.2
Other	2.8	2.9	(5.6)	(0.1)	3.7	3.7	2.3	1.4
	12.6	**15.2**	**(17.3)**	**(1.7)**	**3.7**	**12.5**	**8.9**	**3.6**
Retirement benefit obligations – note 10-3	22.3	3.4	(1.2)	-	0.5	25.0	0.0	25.0
Long term incentives – note 10-5	1.6	0.5	(0.6)	(0.1)	-	1.4	1.4	-
TOTAL	**36.5**	**19.1**	**(19.1)**	**(1.8)**	**4.2**	**38.9**	**10.3**	**28.6**

Structure optimization

The Group pursues the optimization of its operations.

Provisions totaling 4.5 million euros were booked as at 31 January 2020. In 2020, additional expenses of 15.2 million euros were booked and (13.9) million euros were used.

As at 31 January 2021, the balance of these provisions is 5.5 million euros.

Other

As at 31 January 2021, a total 3.6 million euros (3.7 million euros as at 31 January 2020) is booked under "Other provisions".

11-2: Contingent liabilities

11-2-1: ACCOUNTING PRINCIPLES

Unlike the definition of provision given in note 11-1-1, a contingent liability is:

- either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- or a present obligation that arises from past events but not recognized because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are described in the notes when they are material, except in the case of business combinations where they are identifiable items that are backed by present obligations and can be estimated reliably.

11-2-2: CONTINGENT LIABILITIES IDENTIFIED

In their everyday activities, Quadient entities in France and abroad are regularly subject to tax investigations.

Tax adjustments or uncertain tax positions not yet subject to tax adjustment, are covered by appropriate provisions.

The amount of these provisions is regularly reviewed. The Group has not identified any significant contingent liability as at 31 January 2021.

NOTE 12 FINANCIAL INSTRUMENTS, FINANCIAL DEBTS AND RISK MANAGEMENT

Financial assets are divided in three categories: financial assets at amortized cost, financial assets at fair value through equity and financial assets at fair value through profit and loss. This classification is based on the management objectives applied to the asset by the Group and on the contractual cash flow characteristics.

The Group classifies its assets according to the following categories:

- financial assets at amortized costs: the Group classifies here the lease receivables, the trade receivables and other receivables, the loans and deposits, the receivables attached to non-consolidated investments and cash and cash equivalents. These assets are booked using the effective interest rate method which means initially at their fair value (acquisition cost including transaction costs). Lease receivables are analyzed and valued using the expected credit losses method;
- financial assets at fair value: the Group classifies in this category the equity instruments owned by the Group, which means investments in companies over which the Group does not have control or any significant influence. Those are booked at fair value through profit and loss or through equity, depending on the option chosen by the Group. None of the investments in non consolidated companies are held for trading purposes.

Quadient's financing strategy is coordinated by the Group finance department. All Group exposure to interest rate and exchange rate risks is centralized within the Group cash management department.

Financial instruments mentioned in note 12, especially those presented in table 12-1, are level 2 financial instruments, whose fair value is based on observable data.

12-1: Breakdown of the balance sheet by financial instrument

	31 January 2021		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	56.0	56.0	14.5	40.7	-	0.8
Lease receivables[(a)]	598.2	601.0	-	598.2	-	-
Other long term receivables	3.2	3.2	-	3.2	-	-
Receivables[(b)]	231.5	231.5	-	231.5	-	-
Other receivables[(b)]	8.9	8.9	-	8.9	-	-
Derivative financial instruments[(c)]	6.9	6.9	-	-	-	6.9
Cash and cash equivalents[(d)]	513.7	513.7	-	513.7	-	-
ASSETS	**1,418.4**	**1,421.2**	**14.5**	**1,396.2**	**-**	**7.7**
Financial debts and bank overdrafts[(e)]	952.5	966.0	156.0	-	796.5	-
Other long-term debts	0.8	0.8	-	0.8	-	-
Accounts payable[(b)]	75.5	75.5	-	75.5	-	-
Other operating liabilities[(b)]	199.7	199.7	-	199.7	-	-
Derivative financial instruments[(c)]	1.0	1.0	-	-	-	1.0
LIABILITIES	**1,229.5**	**1,243.0**	**156.0**	**276.0**	**796.5**	**1.0**

(a) Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2021 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.

(b) Historical cost valuation.

(c) Valuation method described in note 12-4.

(d) Valuation based on realizable value.

(e) The fair value of the debt includes the portion of the 2.50% Quadient S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 12-4.

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:

for all floating-rate debt described in note 12-2-6, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 433.9 million euros;

concerning fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2021. The difference between the fair value and the value as appearing in the balance sheet is 19.9 million euros.

Debts in foreign currencies are valued at constant exchange rates.

	31 January 2020		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	61.0	61.0	9.2	47.7	-	4.1
Lease receivables[a]	698.4	717.2	-	698.4	-	-
Other long term receivables	3.8	3.8	-	3.8	-	-
Receivables[b]	233.2	233.2	-	233.2	-	-
Other receivables[b]	6.2	6.2	-	6.2	-	-
Derivative financial instruments[c]	1.3	1.3	-	-	-	1.3
Cash and cash equivalents[d]	498.3	498.3	-	498.3	-	-
ASSETS	**1,502.2**	**1,521.0**	**9.2**	**1,487.6**	**-**	**5.4**
Financial debts and bank overdrafts[e]	1,085.5	1,091.0	158.6	-	926.9	-
Other long-term debts	1.3	1.3	-	1.3	-	-
Accounts payable[b]	79.5	79.5	-	79.5	-	-
Other operating liabilities[b]	201.4	201.4	-	201.4	-	-
Derivative financial instruments[c]	2.0	2.0	-	-	-	2.0
LIABILITIES	**1,369.7**	**1,375.2**	**158.6**	**282.2**	**926.9**	**2.0**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2020 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.*

(b) *Historical cost valuation.*

(c) *Valuation method described in note 12-4.*

(d) *Valuation based on realizable value.*

(e) *The fair value of the debt includes the portion of the 2.50% Quadient S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 12-4.*
Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:
- for all floating-rate debt described in note 12-2-6, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 531.1 million euros;
- concerning fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2020. The difference between the fair value and the value as appearing in the balance sheet is 12.5 million euros.
Debts in foreign currencies are valued at constant exchange rates.

12-2: Financial debt analysis

12-2-1: ACCOUNTING PRINCIPLES

Interest-bearing loans

Interest-bearing loans are initially recognized at their fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost: any difference between the nominal value (net of transaction costs) and the repayment value is taken in the income statement over the life of the loan, using the effective interest rate method.

Net financial debt

Net financial debts include interest-bearing loans and interest payables, net of cash and cash equivalents.

12-2-2: BREAKDOWN BY TYPE OF DEBT

	Financial debts and bank overdrafts	Short-term part of long-term debts	Long-term debts	31 January 2021	31 January 2020
Bond Issue – Quadient S.A. 2.50%[(a)]	-	166.4	-	166.4	183.2
Bond Issue – Quadient S.A. 2.25%[(b)]	-	7.6	323.4	331.0	323.3
United States Private placement[(c)]	-	-	-	-	109.1
Schuldschein[(d)]	-	3.2	410.4	413.6	429.0
Revolving Credit facility[(e)]	-	0.1	-	0.1	0.1
Other debts	4.8	3.3	33.3	41.4	40.8
TOTAL	**4.8**	**180.6**	**767.1**	**952.5**	**1,085.5**

(a) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. IFRS accounting entails an initial debt of 348.1 million euros, representing a debt issued at 2.5830%. The debt has been swapped against variable rate for a notional amount of 125 million euros and the debt fair value adjustment represents an amount of 3.3 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 3.2 million euros. As at 31 January 2021, the impact in the financial charges of this fair value hedge is 1.6 million euros.*
On 5 February 2020, Quadient bought back on the market a nominal of 15.0 million euros in addition to the 148.8 million euros bought back earlier on 23 January 2020, bringing the notional outstanding amount to 163.2 million euros. This obligation is reimbursed on 23 March 2021, Quadient having exercised his prepayment option at par 3 months before maturity.

(b) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025. IFRS accounting entails an initial debt of 323.1 million euros, representing a debt issued at 2.3750%.*

(c) *On 20 June 2012, Quadient concluded a private placement in the United States consisting of five tranches with different maturities between four and ten years for a total of 175 million United States dollars. On 4 September 2014, Quadient S.A concluded a 90.0 million United States dollars private placement amortizable in three equal instalments starting in September 2020.*
During 2020, Quadient has repaid the entire private placement in the United States for a total amount of 120.0 million United States dollars of which 85.0 million United States dollars by anticipation. The reimbursement by anticipation has resulted in a make-whole of 3.0 millions United States dollars, booked in the profit and loss statement.

(d) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars. The debt has been swapped against variable rate for a notional amount of 29.5 million euros and the debt fair value adjustment represents an amount of 0.7 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 0.6 million euros. Quadient reimbursed 17.0 million euros and 30.0 million United States dollars which matured on 20 February 2020. As at 31 January 2021, the impact in the financial charges of this fair value hedge is 0.6 million euros.*
In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities between three and six years for a total amount of 130.0 million euros and 90.0 million United States dollars.
In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities between four and five years for a total amount of 30.5 million euros and 13.0 million United States dollars.

(e) *On 20 June 2017, Quadient arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBITDA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2021, Quadient does not use that credit facility.*

12-2-3: FINANCIAL RATIOS (COVENANTS)

12-2-3-1: Definitions used in financial covenants

Consolidated net debt

Net debt is calculated as follows:

Financial debts from credit institutions in non-current financial debts

+ Financial debts in current liabilities

- Cash and cash equivalents

The net amount obtained is restated for the value of current and non-current asset and liability derivative instruments, together with any guarantee commitments of the Quadient Group.

Consolidated EBITDA

EBITDA is the consolidated current operating income excluding the depreciation and amortization of intangible and tangible assets.

Cost of net financial debt

The cost of net financial debt used when calculating covenants is equivalent to the aggregate presented in the consolidated income statement.

Restatement of leasing activities

With a few rare exceptions, leasing activities are the responsibility of distinct legal entities. This separation allows for the calculation of consolidated aggregates excluding the leasing activity. Activities that are not isolated in distinct legal entities are not restated.

Consolidated net debt excluding leasing is calculated on the basis of a restated consolidated balance sheet whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated balance sheet, the aggregate is calculated on the basis of the same balance sheet items used for calculating consolidated net debt.

Leasing net debt is calculated using these same consolidated financial statements, but in this case only for the scope of leasing companies.

Consolidated EBITDA excluding leasing is calculated on the basis of a restated consolidated income statement whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated income statement, the aggregate is calculated on the basis of the same income statement items used for calculating the consolidated EBITDA.

Leasing net portfolio

The leasing net portfolio is calculated on the basis of consolidated income statements through the addition of net long-term lease receivables and net short-term lease receivables. The net denotes that the leasing portfolio gross value is reduced by the amount of bad debt provision.

Default rate

The default rate is calculated on the basis of the ratio of provisions for bad debt on lease receivables to the leasing net portfolio.

12-2-3-2: Applicability and definition of financial covenants

With the exception of the Quadient S.A. 2.50% and the Quadient S.A. 2.25% bond issues, which are not subject to any covenant, the various debts (private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 January 2021.

12-2-3-3: Covenant calculation

Aggregates

The aggregates presented below are those used for calculating the covenants as set out in note 12-2-3-1.

	31 January 2021 including IFRS 16	31 January 2021 excluding IFRS 16	31 January 2020 including IFRS 16	31 January 2020 excluding IFRS 16
Consolidated net debt	510.5	437.0	668.0	586.6
Consolidated net debt excluding leasing	72.2	(0.1)	171.2	90.6
Leasing net debt	438.3	437.6	496.8	496.0
Consolidated EBITDA	258.9	233.6	282.2	265.2
Consolidated EBITDA excluding leasing	174.6	149.5	197.6	173.7
Cost of net financial debt	32.7	30.3	38.5	35.9
Leasing net portfolio	584.9	584.9	679.8	679.8
Provision for bad debt	10.0	10.0	10.0	10.0

Covenant calculation

	Covenant to comply	31 January 2021	31 January 2020
Debts subject to covenants – including IFRS 16 (*Schuldschein* 2017)			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	0.41	0.87
Consolidated EBITDA/Cost of net financial debt	>4	7.92	7.72
Leasing net debt/leasing net portfolio	<90%	74.9%	73.1%
Default rate	<=5%	1.70%	1.47%
Other debts subject to covenants – excluding IFRS 16			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	-	0.52
Consolidated EBITDA/Cost of net financial debt	>4	7.71	7.38
Leasing net debt/leasing net portfolio	<90%	74.8%	73.0%
Default rate	<=5%	1.70%	1.47%

Shareholders' equity attributable to holders of the parent company must be greater than 600 million euros. Shareholders' equity attributable to holders of the parent company amounts to 1,233 million euros as at 31 January 2021, the ratio is respected.

12-2-4: BREAKDOWN BY CURRENCY

	31 January 2021	31 January 2020
Euros (EUR)	745.9	746.9
United States dollars (USD)	182.3	316.1
Other currencies	24.3	22.5
TOTAL	**952.5**	**1,085.5**

The table above is based on exchange rates as at 31 January for each year.

12-2-5: BREAKDOWN BY MATURITY

Debts are positioned according to their contractual maturity date. The table below is based on constant exchange rates.

	31 January 2021	31 January 2020
2020	-	91.6
2021	185.4	220.2
2022	88.7	137.0
2023	194.0	200.9
2024	82.9	81.7
2025	379.0	331.6
2026	22.5	22.5
TOTAL	**952.5**	**1,085.5**

12-2-6: BREAKDOWN BY INTEREST RATE

As part of its financial policy, Quadient actively hedges its variable-rate and fixed-rate debt.

	Type of rate	Reference rate	Drawdown rate	31 January 2021 Total effective rate*
Bond Issue – Quadient S.A. 2.50%	Fixed	2.50	-	2.5850
Bond Issue – Quadient S.A. 2.25%	Fixed	2.25		2.3750
***Schuldschein* 2017**				
Schuldschein – Quadient S.A. 61.5 MEUR	Fixed	Between 1.10 and 1.833 depending on maturity	-	Between 1.2181 and 1.9208 depending on maturity
Schuldschein – Quadient S.A. 45.0 MEUR	Variable	EURIBOR 6 months	1.4000	1.7471
Schuldschein – Quadient S.A. 14.0 MEUR	Variable	EURIBOR 6 months	1.5500	1.9995
Schuldschein – Quadient S.A. 7.5 MUSD	Fixed	4.056	-	4.1439
Schuldschein – Quadient S.A. 33.0 MUSD	Variable	LIBOR 3 months	2.2626	4.2811
Schuldschein – Quadient S.A. 16.0 MUSD	Variable	LIBOR 3 months	2.5126	4.9579
***Schuldschein* 2019**				
Schuldschein – Quadient S.A. 66.5 MEUR	Fixed	Between 1.30 and 1.96 depending on maturity		Between 1.415 and 2.029 depending on maturity
Schuldschein – Quadient S.A. 21.5 MEUR	Variable	EURIBOR 6 months	1.3000	1.4130
Schuldschein – Quadient S.A. 37.0 MEUR	Variable	EURIBOR 6 months	1.5000	1.5920
Schuldschein – Quadient S.A. 5.0 MEUR	Variable	EURIBOR 6 months	1.7500	1.8170
Schuldschein – Quadient S.A. 71.0 MUSD	Variable	LIBOR 3 months	1.8210	4.2820
Schuldschein – Quadient S.A. 19.0 MUSD	Variable	LIBOR 3 months	1.8210	4.5100
***Schuldschein* 2020**				
Schuldschein – Quadient S.A. 29.0 MEUR	Variable	EURIBOR 6 months	1.5000	1.5382
Schuldschein – Quadient S.A. 1.5 MEUR	Fixed	1.5000	-	1.5382
Schuldschein – Quadient S.A. 3.0 MUSD	Variable	LIBOR 3 months	1.7626	3.2938
Schuldschein – Quadient S.A. 10.0 MUSD	Variable	LIBOR 3 months	1.7626	3.5342
Revolving Credit facility	Variable	LIBOR USD/EUR 1 months	-	0.9137

* *The total effective rate for the transaction is calculated on completion and includes costs relating to the transaction.*

12-2-7: CREDIT LINES

The Group had the following revolving credit facility at 31 January 2021 which can be drawn in euros (EUR) and United States dollars (USD):

	Amount of the credit line	Amounts drawn at 31 January 2021	Expiry of facility	Number of banks in the pool
Bank pool	EUR 400 million	-	June 2024	11

Interest rates are indexed to EURIBOR or LIBOR USD plus a margin depending on the leveraged ratio based on the consolidated financial statements excluding leasing activity. The margin is fixed at 0.60% and may vary between 0.50% and 1.15%. An additional margin of 0.25% is added to the margin for the drawdown in United States dollars.

12-2-8: FAIR VALUE OF DEBTS

The book values of current loans and variable rate debts are close to their fair values. Fixed rate debts are analyzed as follows:

	31 January 2021				
	Book value	Accrued interest	Fair value	Fair value +50 bps	Fair value -50 bps
Bond issue – Quadient S.A. 2.50% 350 MEUR	163.9	2.5	164.2	164.2	164.1
Bond issue – Quadient S.A. 2.25% 325 MEUR	323.5	7.5	327.8	334.4	321.1
Schuldschein EUR	279.0	2.6	288.0	276.8	274.0
Schuldschein USD	131.4	0.7	131.5	131.6	131.5

12-3: Financial income and expenses

12-3-1: ACCOUNTING PRINCIPLES

Effective interest rate

The effective interest rate is the rate used to precisely discount future cash flows to maturity, so as to obtain the net value of the debt at the initial recognition date. To calculate the effective interest rate of a financial debt, the future cash flows are determined based on the contractual repayment dates.

Transaction costs

Transaction costs are the marginal costs directly attributable to the arrangement of a credit facility. These include fees and commissions paid to brokers and advisers, levies charged by the market authorities, stock exchange fees and transfer taxes and duties. However they do not include issue premiums, the allocation of internal administrative expenses and head office expenses. For financial debt measured at amortized cost, transaction costs are included in the amortized costs calculation using the effective interest rate method and are amortized in the income statement over the life of the instrument.

12-3-2: COST OF DEBT

The table below represents the gross cost of debt by currency after exercise of the hedging instruments and the effects of the valuation of portfolio interest rate transactions for the financial year ended on 31 January 2021. The calculation is based on the debt detailed in the note 12-2-2.

The net financing cost rate, calculated from the net cost of debt, *i.e.* 27.4 million euros, divided by the average net debt (average financial debt – average cash and cash equivalents) during the year, equals 2.99%.

Currency	Gross rate	Amount in currency
Euros (EUR)	**2.27%**	**16.6**
Financial costs before hedging impact	2.27%	16.6
Hedging impact	-	-
United States dollars (USD)	**4.16%**	**12.3**
Financial costs before hedging impact	4.23%	12.5
Hedging impact	(0.07)%	(0.2)

12-3-3: CAPITALIZED/AMORTIZED DEBT COSTS

The costs related to the arrangement of the different debts amount to 0.2 million euros for the year 2020.

The difference between the straight-line amortization of these costs and the calculation of the amortized cost of capital is not material, therefore there has been no restatement for the IFRS financial statements.

12-4: Risk management

12-4-1: ACCOUNTING PRINCIPLES

Quadient uses derivative instruments to limit its exposure to the risk of fluctuations in interest rates and exchange rates.

In accordance with IFRS 9, Quadient initially recognizes all derivative instruments on the balance sheet under financial instruments at fair value. This is estimated on the basis of market conditions. The fair value of the derivatives is then re-assessed at each accounting date thereafter.

Accounting for hedging transactions

On implementation of the hedge, the Group clearly identifies the hedging and hedged items. This hedging is formally documented by identifying the hedging strategy, the risk hedged and the method used to assess the effectiveness of the hedge. Tests are then carried out to demonstrate the effectiveness of the hedge.

The treatment of derivative instruments identified as forming hedges varies in accordance with IFRS 9 definitions, according to whether they are:

- fair value hedge;
- future cash flow hedge;
- net investment hedge.

Fair value hedge

Changes in the fair value of derivative instruments are charged to the income statement. At the same time, the item hedged is also recognized at fair value up to the risk hedged. As a consequence, changes in the two items are recognized symmetrically under net financial expenses, so that only ineffective hedging impacts the income statement.

This approach is applied in particular to swaps of fixed to variable rate and to the corresponding hedged debt.

Future cash flow hedge

For changes in the fair value of derivative instruments, changes in the effective portion of the hedging relationship are charged to shareholders' equity, while changes in the fair value of the ineffective portion are charged to the financial income.

Profits and losses that are recognized through equity are posted to the income statement for the period during which the hedged transaction affects net income.

This treatment is applied in particular to swaps of fixed to variable rate, as well as to the purchase and sale of currency futures or options.

Net investment hedge

The accounting principle is similar to future cash flow hedges. The gain or loss relating to the effective portion of the hedging instrument is charged directly to shareholders' equity, while the ineffective portion is charged to the income statement. When the Group withdraws from a foreign business, the cumulative value of profits and losses that have been recognized directly in shareholders' equity is recognized through the income statement.

Recognition of derivatives not qualifying as hedging instruments

For derivatives, which do not meet the criteria for recognition as hedging instruments as described above, any gain or loss resulting from changes in fair value is charged to the financial income.

12-4-2: MARKET RISKS

The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt.

The Group treasurer, who reports to the Group Chief Financial Officer, monitors exchange rate and interest rate risks for all Quadient Group entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions.

Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution.

This company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place.

However, no guarantee can be given regarding the Group's ability to hedge effectively against market risks.

Exchange rate risk

Natural hedge

Quadient enjoys a natural hedge on its current operating margin and its net income.

Based on the 2021 budget, the breakdown of sales and costs in United States dollars is as follows: sales 45.8%, cost of sales 42.7%, operating costs 37.9%, and interest expenses 32.9%. A 5% decrease in the euro/United States dollar exchange rate from the budget rate of 1.24 would have the following impacts on the Group's income statement: sales (23.9) million euros, current operating income (6.2) million euros and net income (3.7) million euros.

Based on the 2021 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.1%, cost of sales 5.1%, operating costs 8.9%. A 5% decrease in the euro/pound sterling exchange rate from the budget rate of 0.92 would have the following impacts on the Group's income statement: sales (3.7) million euros, current operating income (0.3) million euros and net income (0.2) million euros.

The other currencies are not a major concern for the Group. None of them, taken individually, represents more than 5% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively.

Risk management policy

Quadient has a policy of centralizing its foreign currency risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position managed, a hedging strategy is set up at the same time as the reference exchange rate to be defended is set. The hedging strategy involves a combination of firm or optional hedging instruments, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger hedging transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Year-end position

The tables below represent Quadient's positions at 31 January 2021 regarding exchange rate hedging for commercial activities.

2020 FINANCIAL YEAR – BALANCE SHEET HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT'S BALANCE SHEET AT 31 JANUARY 2021 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2021

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	49.4	7.2	2.3	6.9	161.0	6.5	15.1	4.5	8.3	0.6	1.8	0.1
Financial liabilities	12.9	7.7	0.5	0.4	85.1	1.7	15.3	0.5	60.7	0.7	0.3	0.1
Net exposure before hedging	**36.5**	**(0.5)**	**1.7**	**6.5**	**75.9**	**4.8**	**(0.2)**	**4.0**	**(52.4)**	**(0.1)**	**1.5**	**-**
Hedging	(36.2)	-	4.8	(4.0)	138.5	(4.8)	(6.1)	(3.6)	52.4	(2.6)	(1.5)	(0.3)
NET EXPOSURE AFTER HEDGING	**0.3**	**(0.5)**	**6.5**	**2.5**	**214.4**	**-**	**(6.3)**	**0.4**	**-**	**(2.7)**	**-**	**(0.3)**

2021 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2021 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2022

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	202.7	36.9	19.3	45.8	1,525.5	65.0	41.1	25.5	75.8	5.9	10.9	0.6
Projected financial liabilities	110.3	23.6	5.8	1.4	1,152.3	4.6	56.4	5.5	857.1	7.3	1.5	1.8
Net exposure before hedging	**92.4**	**13.3**	**13.5**	**44.4**	**373.2**	**60.4**	**(15.3)**	**20.0**	**(781.3)**	**(1.4)**	**9.4**	**(1.2)**
Hedging	(46.5)	(7.1)	(4.0)	(12.0)	(145.0)	(26.1)	4.8	(7.0)	255.9	-	(3.8)	-
NET EXPOSURE AFTER HEDGING	**45.9**	**6.2**	**9.5**	**32.4**	**228.2**	**34.3**	**(10.5)**	**13.0**	**(525.4)**	**(1.4)**	**5.6**	**(1.2)**

Quadient uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 20.5 million United States dollars sold, 1.8 million British pounds sold, 1.5 million Canadian dollars sold, 2.0 million Norwegian krona sold, 30.0 million Japanese yen sold, 5.0 million Swedish krona sold, 0.8 million Australian dollars sold, and 75.0 million Czech krona purchased.

Quadient also makes use of asymmetric option tunnels. The asymmetric part of this kind of options is presented in the table above with a view to reflecting the Group's maximum commitment. The asymmetric part by currency is as follows: 18.5 million United States dollars sold.

Hedging instruments

The Quadient Group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

Instrument details

The instruments in the portfolio have a maturity of less than twelve months as at 31 January 2021. These instruments are listed below by type and by currency for the period to which they relate.

2020 FINANCIAL YEAR: ASSETS AND LIABILITIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	36.2	-	-	-	-
GBP	-	-	-	-	-	-
CAD	6.4	1.6	-	-	-	-
NOK	-	4.0	-	-	-	-
JPY	138.5	-	-	-	-	-
SEK	-	4.8	-	-	-	-
CHF	-	6.1	-	-	-	-
DKK	-	3.6	-	-	-	-
CZK	52.4	-	-	-	-	-
SGD	-	2.6	-	-	-	-
AUD	-	1.5	-	-	-	-
PLN	-	0.3	-	-	-	-

2021 BUDGET: HEDGING OF ANTICIPATED POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	7.5	30.5	-	-	39.0
GBP	-	3.8	1.8	-	-	3.3
CAD	-	1.0	1.5	-	-	3.0
NOK	-	8.0	2.0	-	-	4.0
JPY	-	85.0	30.0	-	-	60.0
SEK	-	16.1	5.0	-	-	10.0
CHF	4.8	-	-	-	-	-
DKK	-	7.0	-	-	-	-
CZK	180.9	-	-	150.0	75.0	-
AUD	-	2.4	0.8	-	-	1.4

At year-end, the operations shown in the above table are broken down as follows:

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	7.5	30.5	-	-	20.5
GBP	-	3.8	1.8	-	-	1.8
CAD	-	1.0	1.5	-	-	1.5
NOK	-	8.0	2.0	-	-	2.0
JPY	-	85.0	30.0	-	-	30.0
SEK	-	16.1	5.0	-	-	5.0
CHF	4.8	-	-	-	-	-
DKK	-	7.0	-	-	-	-
CZK	180.9	-	-	75.0	75.0	-
AUD	-	2.4	0.8	-	-	0.8

Notional value – Ineffective portion of hedge instruments	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	-	-	-	18.5
GBP	-	-	-	-	-	1.5
CAD	-	-	-	-	-	1.5
NOK	-	-	-	-	-	2.0
JPY	-	-	-	-	-	30.0
SEK	-	-	-	-	-	5.0
CZK	-	-	-	75.0	-	-
AUD	-	-	-	-	-	0.6

AVERAGE HEDGE RATE

Currency	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Average hedge rate	1.1946	0.8947	1.5509	10.5814	126.4978	10.2029	1.0763	7.4441	26.4620	-	1.6153	-

The average hedge rate calculation is based on the foreign exchange forwards weighted average rate. Foreign exchange options are not taken into account for the calculation of the average hedge rate.

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1. According to IFRS 13, Quadient implements credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impact of credit risk, Quadient does not recognize them in the financial statements at 31 January 2021.

Notional value	31 January 2020	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2021
Financial assets	**0.4**	**-**	**0.2**	**(0.1)**	**(0.1)**	**0.4**
Cash flow hedge	0.3	-	0.2	-	-	0.5
Ineffective hedge	0.1	-	-	(0.1)	(0.1)	(0.1)
Financial liabilities	**0.1**	**-**	**0.1**	**-**	**-**	**0.2**
Cash flow hedge	0.1	-	0.1	-	-	0.2
Ineffective hedge	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity of the instruments

Concerning the financial instruments hedging the operations carried out in financial year 2020 for which the commitments are still in the balance sheet at year-end, the impact of a 10% increase in the foreign currency *versus* the euro would be a 3.2 million euros loss. The impact of a 10% decrease in the foreign currency *versus* the euro would be a 3.5 million euros gain.

Concerning the operations hedging the 2021 budget positions, the sensitivity to an exchange rate change is detailed in the tables below.

For a 10% increase in foreign currency *versus* the euro:

	Impact on equity	Impact on net income
Financial assets	1.5	-
Financial liabilities	(3.3)	(1.3)

For a 10% decrease in foreign currency *versus* the euro:

	Impact on equity	Impact on net income
Financial assets	4.0	0.1
Financial liabilities	(1.3)	(0.2)

Exchange rate deal counterparty risk

Operations are carried out with first rank international banks that are involved in the revolving credit facility.

Interest rate risk

Risk management policy

To limit the impact of a rise in interest rates on its interest expenses, the Quadient Group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. A rolling management horizon is used in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to fully control the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Year-end position

The table below sets out Quadient's position as at 31 January 2021 by maturity for the major currencies:

	EUR				USD			
Notional value	**<1 year**	**1 to 5 years**	**>5 years**	**Total**	**<1 year**	**1 to 5 years**	**>5 years**	**Total**
Debt	**180.2**	**543.2**	**22.5**	**745.9**	**6.3**	**215.0**	**-**	**221.3**
Of which fixed-rate debts	19.8	446.8	22.5	489.1	0.8	34.9	-	35.7
CORRESPONDING HEDGE MATURITIES	**-**	**220.0**	**-**	**220.0**	**40.0**	**185.0**	**-**	**225.0**

The corresponding interest flows (excluding margin impacts) were calculated based on constant debt forward interest rate conditions and exchange rate parity at year-end. The following schedule is obtained:

	2021	**2022**	**2023**	**2024**
Interest on fixed rates	4.2	0.7	(0.4)	(0.5)
Interest on the variable rate position	0.4	0.4	0.9	1.7
Interest on hedging operations	0.1	0.9	0.1	0.0
TOTAL	**4.7**	**2.0**	**0.6**	**1.2**

Sensitivity of the financial results to interest rate changes is as follows:

	2021	**2022**	**2023**	**2024**
Sensitivity to a +0.5% increase in interest rates	1.1	0.9	1.1	1.5
Sensitivity to a (0.5)% decrease in interest rates	(1.4)	(0.7)	(0.8)	(1.0)

For 2020, the Group's policy was to protect its net financial income in advance. As a result, after hedging and on a fixed-debt basis, 81% of the Group's debt is not exposed to forward interest rates for the current financial year and 19% of the debt remais exposed to forward rates as at 31 January 2021.

Instrument details

Quadient uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: buying and selling of caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: buying and selling of caps and floors (used either alone or in combination);
- buying and selling of swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying asset (*quanto* swaps for example) are strictly forbidden by internal procedures.

Derivative instrument details

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	-	45.7/50.0	-
Swap – buyer	EUR	125.0	29.5	-
Swap – receiver	USD	25.0	70.0	-
Cap – buyer	USD	15.0	50.0	-
Cap – buyer	EUR	-	70.0	-
Floor – receiver	USD	15.0	-	-
Floor – buyer	USD	-	45.0	-
Floor – buyer	EUR	-	168.3	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FAIR VALUE HEDGE

Notional value	Currency	<1 year	1 to 5 years	>5 years
Swap – buyer	EUR	125.0	29.5	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FUTURE CASH FLOW HEDGE

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap	EUR/USD	-	27.4/30.0	-
Swap – receiver	USD	25.0	70.0	-
Cap – buyer	USD	15.0	50.0	-
Cap – buyer	EUR	-	70.0	-
Floor – receiver	USD	15.0	-	-
Floor – buyer	USD	-	45.0	-
Floor – buyer	EUR	-	150.0	-

INSTRUMENTS NOT ELIGIBLE FOR HEDGE ACCOUNTING

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	-	18.3/20.0	-
Floor – buyer	EUR	-	18.3	-

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1. All interest rate derivative instruments are thus valued on the balance sheet and in the income statement at their market value, in accordance with IFRS 9. According to IFRS 13, Quadient set up a credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impacts of credit risk, Quadient decided not to recognize these in the financial statements at 31 January 2021.

Changes in the market value of instruments not eligible for hedge accounting have been charged in their entirety to the income statement. The ineffective portion of instruments eligible for hedge accounting, plus the time value of these instruments, have been charged to net financial expenses. Changes in the intrinsic value of these instruments have been recognized as restatement of equity.

Quadient applies IFRS 9 on hedge instruments.

	31 January 2020	Premium on new operations	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2021
Financial assets (derivatives)	**4.6**	**-**	**(0.4)**	**0.3**	**2.1**	**0.2**	**6.8**
Debt and swap at fair value hedge	3.8	-	-	-	(1.8)	-	2.0
Derivative instruments qualified as cash flow hedge	0.7	-	(0.4)	0.3	2.3	-	2.9
Derivative instruments not eligible	0.1	-	-	-	1.6	0.2	1.9
Financial liabilities (derivatives)	**1.5**	**-**	**0.6**	**-**	**-**	**0.1**	**2.2**
Derivative instruments qualified as cash flow hedge	1.5	-	0.6	-	-	0.1	2.2
Derivative instruments not eligible	-	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity to interest rate variations

The impact on the financial statements of an increase of 0.5% in the interest rates for the year ending 31 January 2021 is as follows:

	31 January 2021	Impact on equity	Income statement impact	31 January 2021
Financial assets (derivatives)	**6.8**	**0.7**	**(0.4)**	**7.1**
Debt and swap at fair value hedge	2.0	-	(0.4)	1.6
Derivative instruments qualified as cash flow hedge	2.9	0.7	-	3.6
Derivative instruments not eligible	1.9	-	-	1.9
Financial liabilities (derivatives)	**2.2**	**(0.4)**	**-**	**1.8**
Derivative instruments qualified as cash flow hedge	2.2	(0.4)	-	1.8
Derivative instruments not eligible	-	-	-	-

The impact on the financial statements of a decrease of 0.5% on the interest rates for the year ending 31 January 2021 is as follows:

	31 January 2021	Impact on equity	Income statement impact	31 January 2021
Financial assets (derivatives)	**6.8**	**0.1**	**0.5**	**7.4**
Debt and swap at fair value hedge	2.0	-	0.5	2.5
Derivative instruments qualified as cash flow hedges	2.9	0.1	-	3.0
Derivative instruments not eligible	1.9	-	-	1.9
Financial liabilities (derivatives)	**2.2**	**0.5**	**-**	**2.7**
Derivative instruments qualified as cash flow hedges	2.2	0.5	-	2.7
Derivative instruments not eligible	-	-	-	-

Fixed income transaction counterparty risk

Fixed income transactions are carried out with first rank international banks that take part in the revolving credit facility.

12-4-3: LIQUIDITY RISK

The Group believes that its cash flow before net cost of debt and income taxes (as defined in the consolidated statements of cash flows) will easily enable it to service its debt, given the current level of that debt. Group debt (bonds, United States private placement, *Schulschein* and revolving credit facility) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complied with all covenants as at 31 January 2021.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its future financial requirements.

As at 31 January 2021, the Group has 400 million euros in unused credit lines.

12-4-4: CREDIT RISK

Customers' counterparty risk exposure (receivables, lease receivables)

Credit risk is limited because of the diversity and the very high number of customers and because of the low unit value of each contract. No customer accounts for more than 1% of sales.

The Group's main subsidiaries are equipped with information & telecommunication tools and dedicated teams that allow them to tailor their receivables collection processes to every customer. In addition, the leasing and postage financing activities have their own credit scoring tools and systematically use an external credit scoring opinion at the inception of a new contract.

During the monthly operating reviews, led by the Group finance department, the accounts receivable of each subsidiary are analyzed.

12-4-5: DEPENDENCE ON SUPPLIERS

The main supplier of the Group in 2020 is Zhilai, leading locker manufacturer in China. Zhilai accounted for 18.3% of total Group purchases in 2020 compared with 1.7% in 2019. In 2019, the main supplier was Hewlett-Packard (HP) who accounted for 6.1% of total Group purchases. The top five and the top ten suppliers respectively account for 19.6% and 27.9% of total Group purchases in 2020, compared with 18.7% and 27.6% in 2019.

Any disruption in supply from any one of these suppliers could significantly affect the Group's business, even though clauses are written into the contracts to protect the Group against this risk. Quadient has already put in place alternative solutions in case such an event actually occurs.

12-4-6: BANKING COUNTERPARTY RISK EXPOSURE

The Group defined a list of the banks that subsidiaries are allowed to deal with and made it mandatory to use these authorized banks for cash deposits. Generally, banking services cannot be attributed to unauthorized banks. Exceptions can be made with the authorization of the Group cash management department.

Regarding the offsetting of derivatives in accordance with IFRS 7, Quadient recorded derivatives under assets of 5.9 million euros before netting and recorded derivatives under liabilities of 1.0 million euros before netting. These transactions are carried out with eight banking partners. As at 31 January 2021, the netting of these instruments would be an asset of 4.9 million euros.

12-4-7: BREXIT RISK EXPOSURE

Quadient's business in the United Kingdom consists of hardware sales within Mail-Related solutions and sales of licenses in the digital communications solutions business. Quadient also owns a logistics hub and a folder-inserter factory. These activities generate import and export flows which can be sizeable, in particular with European countries, North-America and the Asia-Pacific area. These activities could be affected by Brexit but, at this stage, the Group has not identified any accounting impacts to be recognized in its financial statements.

NOTE 13 TAX POSITION

13-1: Accounting principles

In accordance with IAS 12, Quadient uses a balance sheet approach to account for deferred taxes. This consists of calculating the deferred tax on temporary differences, which are the difference between the tax base of an asset or liability and its book value on the balance sheet. Quadient also applies the variable carry-forward method.

Deferred taxes are valued at the tax rate, either in force or coming into force, which is expected to be applied for the year in which the asset is realized or the liability settled.

Due and deferred tax assets and liabilities are offset for a given tax authority where there is a legally enforceable right to offset.

The book value of deferred tax assets is revised at each accounting date and reduced if it is unlikely that adequate taxable profits will be available to make use of the benefit of all or part of the deferred tax asset. Unrecognized deferred tax assets are valued at each accounting date and are recognized if it is probable that future profits will make them recoverable.

The Group's French companies use the tax consolidation system. The same applies to the Group's subsidiaries in each of the countries in which they are registered.

13-2: Main tax rates

The rates used in the main countries to calculate current and deferred tax at 31 January 2021 are as follows:

	Current tax	Deferred tax
France	32.0%	25.8%
United Kingdom	19.0%	19.0%
Netherlands	25.0%	25.0%
United States	26.1%	26.1%
Germany	33.0%	33.0%

13-3: Tax proof

The reconciliation between the theoretical tax charge and the actual tax charge is as follows:

	31 January 2021	31 January 2020
Net income of consolidated companies before income tax	65.2	36.8
Tax rate for the consolidating company	32.0%	34.3%
Theoretical expense	20.9	12.6
Income tax rate differences	(9.6)	(12.5)
ODIRNANE	(2.9)	(3.1)
Permanent differences	11.8	4.7
Tax rate reduction and other non-recurring items *	3.3	19.2
Prior year tax adjustment	0.1	0.5
Other	0.1	(0.0)
TOTAL INCOME TAX	**23.8**	**21.4**
EFFECTIVE TAX RATE	**36.5%**	**58.2%**

* *For the financial year 2020, exceptional items mainly include a provision for fiscal risk. In 2019, exceptional items were mainly composed of permanent differences related to the impairment of goodwill.*

	31 January 2021	31 January 2020
Current income tax charge	10.7	31.5
Deferred income tax charge	13.1	(10.1)
TOTAL INCOME TAX	**23.8**	**21.4**

13-4: Deferred taxes

Deferred taxes are mainly due to the following:

	31 January 2020	Changes recognized through equity	Changes recognized in the income statement	Other changes *	Foreign exchange differences	31 January 2021
Tax loss carry-forwards – Net	5.8	-	1.9	0.5	(0.4)	7.8
Pension provision	5.8	(0.1)	(0.4)	-	(0.0)	5.3
Expenses with deferred deductibility:						
• inventories and bad debt	4.1	-	0.7	(0.3)	(0.3)	4.2
• employees related provisions	2.2	-	(0.2)	(0.1)	(0.0)	1.9
• fixed assets amortization	7.0	-	(20.7)	-	(3.7)	22.6
• other expenses with deferred deductibility	0.3	-	(0.6)	(0.5)	(0.1)	(0.9)
Leasing activities	(111.1)	-	11.6	(2.5)	9.5	(92.5)
Patents	3.4	-	(0.2)	-	-	3.2
Eliminations of margins on inventories, rented and demo equipment	4.2	-	(0.8)	-	(0.2)	3.2
Capitalization of research and development expenses	(19.8)	-	(0.1)	-	0.2	(19.7)
PPA Taxes	(6.1)	-	1.7	0.6	(2.1)	(5.9)
Goodwill amortization	(36.6)	-	(2.5)	-	3.0	(36.1)
Pension	(15.1)	1.8	(0.2)	-	0.7	(12.8)
Other	(10.0)	0.6	(3.3)	0.8	0.4	(11.5)
DEFERRED TAXES ASSETS (LIABILITIES)	**(125.9)**	**2.3**	**(13.1)**	**(1.5)**	**7.0**	**(131.2)**

* *The column "Other changes" mainly includes the deferred taxes released with Quadient Oceania divestment and some reclassifications.*

At 31 January 2021, the recognition of deferred tax assets was reviewed. The tax loss carry-forwards recognized as deferred tax assets have been depreciated where it is deemed unlikely that the Group will be able to use these in the five next years. This provision, presented netted on the line "Tax loss carry-forwards" amounts to (20.6) million euros as at 31 January 2021. The depreciated tax loss carry-forwards represent a tax basis of approximately 103.6 million euros as at 31 January 2021. There are non-activated tax losses within the Group.

NOTE 14 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

14-1: Shareholders' equity

14-1-1: SHARE CAPITAL

At 31 January 2021, the parent company share capital totaled 34.6 million euros divided into 34,562,912 ordinary shares with a par value of 1 euro each. The share capital is fully released.

14-1-2: ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. As at 31 January 2021, additional paid-in capital amounted to 52.9 million euros, unchanged from 31 January 2020.

14-1-3: RESERVES AND RETAINED EARNINGS

This item mainly comprises cumulative net income over each financial year, as well as dividend payments and the delivery of free shares.

14-1-4: CUMULATIVE TRANSLATION ADJUSTMENTS

Financial statements of subsidiaries established in local currencies are translated into euros at the year-end exchange rate for balance sheet items and at average rate over the period for income statement and cash-flow items.

The resulting translation difference is recognized in the translation adjustment under shareholders' equity.

Cumulative translation adjustments as at 31 January 2021 amounted to (33.1) million euros compared with (3.8) million euros at 31 January 2020.

14-1-5: DIVIDEND PER SHARE

Parent company retained earnings before appropriation of 2020 net income of the parent company amounted to 314.2 million euros as at 31 January 2021 compared with 315.1 million euros as at 31 January 2020.

A dividend of 0.50 euros should be paid, subject to the 1 July 2021 General Meeting's approval in relation to the 2020 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2019 financial results was 0.35 euro, paid in cash on 9 September 2020.

14-1-6: LIQUIDITY CONTRACT AND SHARE BUYBACK PROGRAM

Equity instruments acquired by the Company are deducted from shareholders' equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of instruments representing Group shareholders' equity.

Under the liquidity contract, shares cannot be sold freely by Quadient unless the contract is cancelled. This contract was signed in accordance with the French association of investment companies (AFEI) code of ethics, with Exane BNP Paribas.

Number of shares	31 January 2020	Bought	Sold	Free shares delivery	31 January 2021
Liquidity contract	132,468	643,259	(621,864)	-	153,863
Share-based payments	5,968	40,000	-	(26,464)	19,504

As at 31 January 2021, the Group held 153,863 shares within the framework of the liquidity contact and 19,504 shares for the purposes of fulfilling the commitments on the stock-option and free share allocation programs reserved for employees and Group executives. This compares with 132,468 and 5,968 respectively as at 31 January 2020.

14-1-7: EQUITY MANAGEMENT

In terms of equity management, the Group's objective is to maintain business continuity in order to generate a return for shareholders and to optimize the cost of capital. The Group manages its capital structure in relation to economic conditions, and can adjust the amount of dividends and share buybacks accordingly.

14-1-8: INFORMATION ON INVESTORS

Quadient carried out an analysis of its shareholder base as at 31 January 2021. No shareholder holding more than 3% of share capital has significant business dealings of any kind with Quadient.

14-2: Equity instruments

On 16 June 2015, Quadient S.A. issued a senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market *Freiverkehr* of the Frankfurt stock exchange.

Since there is no contractual obligation to repay the nominal or to pay coupons to holders of the bonds, the ODIRNANE was initially recognized as an equity instrument, for an amount of 261.5 million euros, net of issue costs.

Following the 0.35 euro dividend distribution that occurred at the beginning of September 2020, the conversion ratio was adjusted to 1.382 with effect from 7 September 2020. As at 31 January 2021, the amount of unmatured accrued coupons represents 1.1 million euros and is booked as current debt.

14-3: Earnings per share

14-3-1: ACCOUNTING PRINCIPLES

Basic earnings per share are calculated by dividing earnings for the period attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares during the period. It is restated with the payment of the coupons related to the ODIRNANE issue.

Diluted earnings per share are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would have been issued on conversion of all potential dilutive ordinary shares.

For stock options, the share buyback method is used. In calculating diluted earnings per share, dilutive options are assumed to have been exercised. The income from these instruments is assumed to have been received when the ordinary shares are issued, at the average market price during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that might have been issued at the average market price is treated as an issue of ordinary shares without offset. In this way, options only have a dilutive effect when the average market price of ordinary shares during the period exceeds the strike price of the options.

The potentially dilutive instruments correspond to the free shares attributions (note 10-4-3) and the ODIRNANE (note 14-2). These instruments are included if and only if their dilutive effect reduces the earning per share or increases the loss per share. According to the IAS 33, if the diluted earnings per share are higher than the earning per share, they are considered as non representative and reduced to the basic earnings per share.

14-3-2: EARNINGS PER SHARE CALCULATION

The table below sets out the earnings figures used to calculate basic and fully-diluted earnings per share for all activities:

	31 January 2021	31 January 2020
Net income – attributable to equity holders of the parent company	**40.4**	**14.1**
ODIRNANE dividends	(8.9)	(8.9)
Restated basic earnings (A)	**31.5**	**5.2**
Effect of dilutive instruments:		
• Dilutive free shares	-	-
• ODIRNANE conversion	-	-
Diluted net income (B)	**31.5**	**5.2**
Number of outstanding shares	34,155	34,282
Effect on a *prorata* time basis of dividend payments in shares, the exercise of stock options, share buybacks for cancellation and liquidity contract	(39)	(21)
Weighted average number of shares outstanding *(in thousands)** **(C)**	**34,116**	**34,261**
Weighted average number of outstanding free shares, *prorata temporis*	-	-
Number of shares related to the ODIRNANE conversion, *prorata temporis*	-	-
Number of shares fully diluted *(in thousands)** **(D)**	**34,116**	**34,261**
NET EARNINGS PER SHARE (IN EUROS) (A)/(C)	**0.92**	**0.15**
DILUTED NET EARNINGS PER SHARE (IN EUROS) (B)/(D)	**0.92**	**0.15**

* *Weighted average over the period*

At 31 January 2021, the potentially dilutive instruments described in the above accounting principles have a relutive effect and have thus been excluded from the calculation of diluted earnings per share.

NOTE 15 POST-CLOSING EVENTS

- In March 2021, Quadient exercised its residual maturity par call for its bond bond 2.5% maturing in June 2021 for an amount of 163.2 million euros.
- On 22 March 2021, Quadient announced the acquisition of the FinTech Beanworks, leader in SaaS accounts payable automation solutions. Quadient holds 96% of Beanworks for an amount of approximately 70 million euros excluding the costs related to the deal.
- Between the end of the financial year at 31 January 2021 and the approval of the consolidated financial statements by the Board of Directors, there were no other significant changes in the Group's commercial or financial situation or any significant acquisitions.

NOTE 16 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

Accounted for by the Group in 2020 and 2019:

	EY				Finexsi Audit			
	Amount (before VAT)		%		Amount (before VAT)		%	
(In thousands of euros)	2020	2019	2020	2019	2020	2019	2020	2019
Audit, certification and examination of individual and consolidated financial statements								
Issuer	537	519	21%	18%	250	249	87%	76%
Fully-consolidated subsidiaries	1,773	1,936	69%	69%	36	41	13%	12%
Services other than certification of financial statements					-			
Issuer*	-	70	-	2%	-	40	-	12%
Fully-consolidated subsidiaries	-	-	-	-	-	-	-	-
Audit sub-total	**2,310**	**2,525**	**90%**	**89%**	**286**	**330**	**100%**	**100%**
Other services provided by Auditor and its network								
Acquisitions	-	35	-	1%	-	-	-	-
Legal & tax	166	216	7%	8%	-	-	-	-
Other	71	51	3%	2%	-	-	-	-
Other services sub-total	**237**	**302**	**10%**	**11%**	**-**	**-**	**-**	**-**
TOTAL	**2,547**	**2,827**	**100%**	**100%**	**286**	**330**	**100%**	**100%**

* *In 2019 these services consisted of the work done by the Auditors in relation with the bond issue.*

6.2 Statutory auditors' report on the consolidated financial statements

Year ended 31 January 2021

To the Annual General Meeting of Quadient S.A.,

OPINION

In compliance with the engagement entrusted to us by Annual General Meeting, we have audited the accompanying consolidated financial statements of Quadient SA for the year ended January 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 January 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from February 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill

Risk identified	Our response
Goodwill amounts to EUR 1,026 miilion as at January 31, 2021. They are tested for impairment at least once a year or when there is an indication of impairment. Impairment tests are carried out at CGU levels or at group of CGUs level defined by the Group, which generally correspond to the operating segments, consisting of the geographical areas in which the activities are carried out. Impairment is recorded when the asset's recoverable amount is lower than its carrying amount. Unless otherwise indicated, the Group uses the value in use to measure the recoverable amount of Goodwill at each CGU or group of CGUs level. Value in use corresponds to the current value of the future cash flows that the Group expects to obtain from identified CGUs or group of CGUs. Future cash flows are based on revenue and operating income growth assumptions over 5 years, as described in note 4-5-1 to the consolidated financial statements. Industrial margins and net assets are reallocated to the country where the equipment is installed, and leasing margins and net assets are reallocated to the country where the signatories of finance lease contracts are located. Support costs (holding, human resources, IT...) were also reallocated to the CGUs or groups of CGUs on a pro rata basis according to their revenue. Beyond this five-year horizon, the terminal value is calculated by applying to the last cash flow the infinite growth rate. Cash flows are then discounted. The discount rates are determined according to the activities and geographical areas. Where appropriate, these discount rates consider a specific risk premium. The assumptions, sensitivity analysis and the results of the tests performed are disclosed in further detail in Note 4-5 to the consolidated financial statements. Valuation of goodwill is considered to be a key audit matter, due to its significant amount and the fact that its valuation is largely based on Management's judgments and estimates, particularly regarding the growth rate used for cash flow projections and the discount rate applied.	We have assessed the conformity of the methodology applied in determining the CGUs or Group of CGUs with the IFRS in force as well as the allocation of goodwill to them. We obtained an understanding of the procedures implemented by the Group's Management to determine the value in use of goodwill and specifically cash flows, and to perform impairment tests. We have assessed the consistency of the impairment model applied and the calculation formulas used. We also analyzed the key assumptions used in the cash flow forecasts. Our work consisted in: • comparing the projected cash flows with historical data; • analyzing the consistency of projected cash flows with the Group's strategic initiatives ("Back to Growth"); • reconciling the data used with business plans prepared by management and presented to the Board of Directors; • assessing the consistency of the reallocation of margins and net assets of the leasing and industrial entities as well as support costs; • assessing the long-term growth rates and discount rates applied to the impairment review for each CGU or group of CGUs, comparing the rates utilized to third party evidence; • assessing sensitivity analysis relating to key assumptions to consider the extent of change in those assumptions that either individually or collectively would imply additional depreciation of the goodwill, in particular relating to forecast future cash flows, including long-term growth rates and discount rates applied. Finally, we assessed the appropriateness of the disclosures in Note 4-5 to the consolidated financial statements.

Sales

Risk identified	Our response
As at January 31, 2021, Sales amounted to EUR 1,029 million. As described in Note 6-1 ("Sales") the Group assessed sales at the fair value of the consideration expected, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognized at the date on which the Group transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold. The terms of the commercial contracts between the Group and its customers include the terms and conditions for the transfer of ownership and the performance of services. The analysis of those conditions is decisive for the correct accounting treatment of revenue. The accounting standards for the registration of this type of contract imply judgment, and particularly for complex contracts. For financial leases, the Group recognizes a sale of equipment and records a receivable amounting to the net present value of lease payments receivable over the term of the financing. For software and associated services and sales of patents, the Group recognizes revenue, if the following conditions are met: • The group has entered into a legal binding agreement with a customer; • The software or service has been delivered; • License fees are fixed and there are no uncertainties on the completion of the contract; • Collection is probable. As a result, we have considered revenue recognition as a key audit matter, since it is sensitive to management's judgments and estimates, and therefore, may have a significant impact on the financial statements.	We performed walkthroughs to understand the procedures including IT systems implemented by the most significant components. We analyzed the compliance of the revenue recognition rules with IFRS 15 standards. We evaluated and tested key controls on the process of revenue recognition for the considered most significant components. We conducted disaggregated analytical procedures at the level of each scoped subsidiary, based on size or risk, and at group level by geographic region, and by products to analyze changes in sales throughout the year. On a sample of contracts, we obtained: • The related documentation (contracts, invoices, delivery notes, proof of service) to ensure the accounting on the correct accounting period; • The documentation for some manual entries impacting the turnover accounts by focusing on non-recurrent transactions. We also assessed the appropriateness of the disclosures in Note 6-1 of the appendices to the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Board of Directors' Group management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included in is included in the Group management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)*, prepared under the responsibility of Chief Executive Officer complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Quadient S.A. by your Annual General Meeting held on July 8, 2004 for FINEXSI AUDIT and held on September 9, 1997 for ERNST & YOUNG et Autres.

As at January 31, 2021, FINEXSI Audit was in the 17th year and and ERNST & YOUNG et Autres in the 24th year of total uninterrupted engagement (which is the 22nd year since securities of the Company were admitted to trading on a regulated market).

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, May 11, 2021

The Statutory Auditors

French original signed by

FINEXSI AUDIT

Lucas Robin

ERNST & YOUNG et Autres

May Kassis Morin

6.3 Analysis of Quadient S.A.'s annual results

Unless otherwise indicated, all the amounts stated hereafter are in million of euros, rounded to one decimal place.

6.3.1 2020 FINANCIAL YEAR SIGNIFICANT EVENTS

CHANGE OF THE NAME AND THE VISUAL IDENTITY

The change of the name of the holding from Neopost S.A. to Quadient S.A. was approved by the Annual General Meeting on 6 July 2020. This choice of an unified brand was the result of deploying the new Group organization as part of the Group's "Back to growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

ACQUISITION OF YAYPAY

On 29 July 2020,Quadient Holdings USA Inc. acquired 100% of the company YayPay Inc., leading Fintech company specialized in account rceivables automation solutions.

SALE OF PROSHIP INC. AND QUADIENT OCEANIA PTY LTD

On 28 February 2020, Quadient divested the company ProShip Inc., a global provider of automated multi-carrier shipping software.

On 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd,

IMPAIRMENT ON INVESTMENTS, LOANS AND WAIVER OF DEBTS

Waiver of debts for an amount of 18.9 million euros accorded to Neopost Shipping Holding Pty Ltd, of 6.9 million euros accorded to Temando LLC and 1.1 million euros accorded to Neopost Mailing Logistic Systems are recorded this year. Related depreciation reversals of 46.1 million euros are recorded as at 31 January 2021. A depreciation of the loan accorded to Neopost Holding Pty Ltd of 17.1 million euros is recorded.

The impairment test on investments has been performed and leads to the impairment of investments in Quadient Japan for 2.1 million euros and Neopost Asia Pacific (Holding) Pte Ltd for 2.3 million euros.

PANDEMIC COVID-19

The year 2020 has been marked by the global health crisis resulting from the Covid-19 circulation. Containment measures have been implemented in many countries where Quadient operates. With the spread of the virus, the priority for Quadient has been the health and the security of its employees. Since the beginning of this crisis, the Group has adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers while containing the effects of the crisis on its profitability. These measures include in particular a strong costs reduction program (temporary recruitment freezes, drastic reduction in subcontractors, reduction of bonuses…), partial unemployment wherever possible, further use of home working, providing protection material for the employees… European manufacturing sites have been affected to various degrees from a strong decline in activity for some to a total several months closing for others. An impairment test on investments has been performed and leads to the impairments mentioned above.

6.3.2 OPERATING INCOME

Quadient S.A.'s operating loss amounts to 11.4 million euros compared with a loss of 4.3 million euros as at 31 January 2020.

6.3.3 FINANCIAL INCOME

Net financial income amounts to 34.6 million euros, up from 9.5 million euros as at 31 January 2020. Dividends received by the Company totaled 64.6 million euros as at 31 January 2021 compared with 75.6 million euros as at 31 January 2020. Net interest income from the Group's subsidiaries totals 18.2 million euros (18.8 million as at 31 January 2020), before recognition of a loss on receivables on investments of 26.9 million euros (1.8 million as at 31 January 2020). Interest expenses for external borrowings stand at 35.0 million euros (41.3 million euros as at 31 January 2020). Net financial depreciation are recorded for (33.1) million euros as at 31 January 2021 (81.3 million euros as at 31 January 2020).

6.3.4 EXTRAORDINARY INCOME

Quadient S.A.'s extraordinary loss amounts to 0.2 million euros compared with a loss of 0.5 million euros as at 31 January 2020.

Treasury share disposals under the liquidity contract generate 1.0 million euros (0.2 million euro as at 31 January 2020) of extraordinary income on capital transactions and 1.2 million euros (0.7 million euros as at 31 January 2020) of extraordinary expenses on capital transactions.

6.3.5 NET INCOME

Net income amounts to 29.6 million euros (11.1 million euros as at 31 January 2020), after a net tax benefit of 6.6 million euros (6.4 million euros as at 31 January 2020),

In accordance with the article 223 *quater* of the French general tax code (CGI), the financial statements for the current year include 95,185 euros of non-tax-deductible expenses (article 39-4 of the CGI), but do not include the non-tax-deductible general expenses (article 39-5 of the CGI).

6.3.6 SHAREHOLDERS' EQUITY

Quadient S.A.'s shareholders' equity amounts to 381.8 million euros as at 31 January 2021, an increase of 17.6 million euros year-on-year. This increase corresponds to the 2020 net income after deduction of 12.0 million euros paid to shareholders for the 2019 dividends.

6.3.7 TRADE PAYABLES AND RECEIVABLES AGEING

Invoices received and issued not paid at the end of the financial year and for which the payment term has expired (article D.441-4)

	31 January 2021	Number of invoices
Trade payables – Ageing		
• Not due	13.8	127
• Between 1 and 30 days	0.2	11
• Between 31 and 60 days	0.0	4
• Between 61 and 90 days	0.0	9
• More than 90 days	0.0	39
TOTAL	**14.0**	**190**

Suppliers are contractually paid within 30 days.

	31 January 2021	Number of invoices
Trade receivables – Ageing		
• Not due	14.1	103
• Between 1 and 30 days	1.1	17
• Between 31 and 60 days	-	0
• Between 61 and 90 days	0.2	15
• More than 90 days	1.0	54
TOTAL	**16.4**	**189**

Customer payments are contractually collected within 30 days. Trade receivables due for more than 90 days exclusively concern the Italian subsidiaries.

6.3.8 FIVE-YEAR RESULTS TABLE

	31/01/2017	31/01/2018	31/01/2019	31/01/2020	31/01/2021
Share capital					
Capital at year end closing	34.6	34.6	34.6	34.6	34.6
Number of shares	34,562,912	34,562,912	34,562,912	34,562,912	34,562,912
Operations and earnings					
Sales excluding tax	44.6	45.3	33.8	34.9	33.7
Earning before taxes, depreciation/amortization and provisions	277.0	89.0	97.4	83.1	(6.5)
Income taxes	1.9	9.9	10.3	6.4	6.6
Amortization expense and provisions	1.2	(20.0)	(69.2)	(78.4)	29.5
Net income	280.1	78.9	38.5	11.1	29.6
Distributed earnings	58.6	58.5	18.2	12.0	17.2
Earnings per share *(in euros)*					
Earnings after tax, before depreciation/amortization and provisions	8.07	2.86	3.12	2.59	0.00
Earnings after tax, depreciation/amortization and provisions	8.10	2.28	1.11	0.32	0.86
Dividends paid	1.70	1.70	0.53	0.35	0.50
Employees					
Average headcount	35	35	39	42	43
Payroll	5.6	5.6	7.3	8.8	9.6
Employee benefits paid (Social security, social welfare)	2.8	4.9	4.8	4.1	6.3

6.3.9 DIVIDENDS

A dividend of 0.50 euros should be paid, subject to the 1 July 2021 General Meeting's approval in relation to the 2020 financial results. If approved, the dividend will be paid in cash and in one instalment.

The statutory reserve has been funded to 10% of the share capital.

The distribuable reserve amount therefore to 290.9 million euros and are calculated as follows:

(In euros)	31 January 2021
Allocation of income subject to the approval of the Annual General Meeting of shareholders:	
• Retained earnings	261,229,941.37
• 2020 net income	29,622,299.46
• Deduction from issue premium	-
TOTAL	**290,852,240.83**

The total amount of dividends paid for the three previous years may be found in the table for the five previous financial years.

6.3.10 STATUTORY AUDITORS' ENGAGEMENT

Finexsi Audit, represented by Lucas Robin;

Ernst & Young et Autres, represented by May-Kassis Morin.

6.3.11 POST-CLOSING EVENTS

In February 2021, Quadient exercised the option of early reimbursement at par of its bond 2.5% for an amount of 163.2 million euros.

On 22 March 2021, Quadient announced the acquisition of the FinTech Beanworks, leader in SaaS accounts payable automation solutions. Quadient holds 96% of Beanworks for an amount of approximately 70 million euros excluding the costs related to the deal.

Between the end of the financial year at 31 January 2021 and the approval of the statutory financial statements by the Board of Directors, there were no other significant changes in the company's commercial or financial situation.

6.3.12 2021 OUTLOOK

Quadient S.A. will continue to act as the holding Company for the Quadient Group.

6.4 Quadient S.A. statements of financial position

6.4.1 BALANCE SHEET

ASSETS

(In million of euros)	Notes	31 January 2021	31 January 2020
Intangible fixed assets			
Gross value		41.2	41.2
Amortization		(41.2)	(41.2)
	(3)	**0.0**	**0.0**
Tangible fixed assets			
Gross value		0.3	0.3
Amortization		(0.1)	(0.2)
	(3)	**0.2**	**0.1**
Financial assets			
Gross value		1,265.4	1,495.9
Impairment		(116.6)	(120.1)
	(4)	**1,148.8**	**1,375.8**
Net receivables			
Net accounts receivable		16.3	21.3
Net other receivables		308.1	228.0
	(5)	**324.4**	**249.3**
Short-term investments and cash & cash equivalents			
Treasury shares		3.3	2.9
Short term securities		-	-
Cash & cash equivalents		413.9	405.2
	(6)	**417.2**	**408.1**
Financial derivative instruments		**4.9**	**0.8**
Prepaid expenses		**0.6**	**0.8**
Deffered charges		**3.6**	**4.9**
Unrealized foreign exchange losses	**(7)**	**4.8**	**38.0**
TOTAL ASSETS		**1,904.5**	**2,078.0**

The following notes form an integral part of the financial statements.

LIABILITIES

(In million of euros)	Notes	31 January 2021	31 January 2020
Share capital		34.6	34.6
Additional paid-in capital		52.9	52.9
Reserves		264.7	265.6
Net income		29.6	11.1
SHAREHOLDERS' EQUITY	**(8)**	**381.8**	**364.2**
Contingency and loss provisions			
Contingency provisions		0.8	9.5
Loss provisions		3.5	1.0
	(9)	**4.3**	**10.5**
Financial debts			
Bank loans		1,175.9	1,307.7
Other borrowings and debts		0.6	0.6
	(10)	**1,176.5**	**1,308.3**
Accounts payable			
Trade payables		14.0	8.0
Provisional dividends payable		-	-
Other operating liabilities		310.2	358.0
Taxes		0.3	0.3
		324.5	**366.3**
Financial derivative instruments		**0.6**	**0.2**
Overdrafts		**0.0**	**0.0**
Unrealized foreign exchange gains	**(7)**	**16.8**	**28.5**
TOTAL LIABILITIES		**1,904.5**	**2,078.0**

The following notes form an integral part of the financial statements.

6.4.2 INCOME STATEMENT

(In million of euros)	Notes	31 January 2021	31 January 2020
Revenue from services		33.7	34.9
Reversal of depreciation and allowances, expense transfers		0.2	4.0
Other revenue		0.0	0.1
Revenue from operations		**33.9**	**39.0**
Other purchase costs and operating expenses		(41.0)	(41.7)
Other expenses		(0.5)	(0.5)
Depreciation, amortization and allowances		(3.8)	(1.1)
Operating expenses		**(45.3)**	**(43.3)**
Operating income	**(11-1)**	**(11.4)**	**(4.3)**
Investment income (dividends)		64.6	75.6
Investment income (interest)		20.1	22.8
Other interest and financial income		29.9	56.7
Reversals of depreciation, amortization and allowances		54.9	1.7
Financial income		**169.5**	**156.8**
Interest expenses		(113.1)	(63.5)
Commitment commissions		(0.0)	(0.8)
Depreciation, amortization and allowances		(21.8)	(83.0)
Financial expenses		**(134.9)**	**(147.3)**
Financial result	**(11-2)**	**34.6**	**9.5**
Current operating income		**23.2**	**5.2**
Extraordinary capital gains			
• proceeds from assets sales		-	-
• other		1.0	0.2
Extraordinary income		**1.0**	**0.2**
Extraordinary capital losses			
• net book value of assets sales		-	-
• extraordinary amortization charges on intangible fixed assets		-	-
• other		(1.2)	(0.7)
Extraordinary expenses		**(1.2)**	**(0.7)**
Extraordinary income	**(11-3)**	**(0.2)**	**(0.5)**
Income tax	**(11-4)**	6.6	6.4
NET INCOME		**29.6**	**11.1**

The following notes form an integral part of the financial statements.

6.4.3 STATEMENT OF CASH FLOW

(In million of euros)	31 January 2021	31 January 2020
Net income	29.6	11.1
Depreciation and amortization expenses (reversal)	0.1	0.1
Contingency and loss provision (reversal)	(16.4)	81.0
Capital gains or loss on disposal of fixed assets	-	-
Gains and losses on changes in fair value	10.1	(2.4)
Cash flow from operations	**23.4**	**89.8**
(Increase) decrease in accounts receivable	5.0	(3.1)
Increase (decrease) in accounts payable	6.0	(25.5)
(Increase) decrease in other operating payables and receivables	(126.1)	188.3
Cash flow from operating activities (A)	**(91.8)**	**249.5**
Investments in intangible fixed assets	(0.0)	(0.2)
Investments in tangible fixed assets	-	-
Securities acquired and (increase) decrease in loans granted	200.3	(172.0)
Sub-total investments	**200.3**	**(172.2)**
Disposals of fixed assets	-	-
Cash flow from investment activities (B)	**200.3**	**(172.2)**
Dividends paid	(12.0)	(18.2)
New financial debts	42.2	528.1
Repayment of borrowings	(147.9)	(317.8)
Net change in other debts and accrued interest not yet matured	6.0	(1.6)
Cash flow from financing activities (C)	**(111.7)**	**190.5**
Impact of exchange rate changes on cash and cash equivalents **(D)**	11.9	(13.1)
Change in net cash & cash equivalents (A) + (B) + (C) + (D)	**8.7**	**254.7**
Opening cash & cash equivalents	**405.2**	**150.5**
CLOSING CASH & CASH EQUIVALENTS	**413.9**	**405.2**

The following notes form an integral part of the financial statements.

6.4.4 CHANGE IN SHAREHOLDERS' EQUITY

	Par value	Number of shares	Share capital	Additional paid-in capital	Reserves	Total
Shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**283.9**	**371.4**
2018 Dividends – balance payment	-	-	-	-	(18.2)	(18.2)
Net income	-	-	-	-	11.1	11.1
Shareholders' equity at 31 January 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**276.7**	**364.2**
2019 Dividends – balance payment	-	-	-	-	(12.0)	(12.0)
Net income	-	-	-	-	29.6	29.6
SHAREHOLDERS' EQUITY AT 31 JANUARY 2021	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**294.3**	**381.8**

The following notes form an integral part of the financial statements.

6.4.5 NOTES TO THE FINANCIAL STATEMENTS

Financial years ended 31 January 2021 and 31 January 2020.

Unless otherwise indicated, all amounts stated hereafter are in million of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as at 31 January 2020 may have been reclassified to be comparable with the presentation adopted as at 31 January 2021.

TABLE OF CONTENTS OF NOTES TO QUADIENT S.A. FINANCIAL STATEMENTS

NOTE 1 PRESENTATION OF THE COMPANY

Quadient S.A. is a French law Company, listed on Paris stock exchange and located at 42-46, avenue Aristide Briand, 92220 Bagneux (France).

Key dates

1992: Quadient S.A., holding Company of the Quadient Group, was created through a leveraged buyout (LBO) of Alcatel's mail processing equipment division;

1997: a second LBO took place;

1999: Quadient was listed on the *Premier Marché* of Euronext Paris stock market on 23 February at a price of 15 euros per share;

2002: acquisition of Ascom Hasler, the mailing systems division of the Swiss company Ascom;

2009: Quadient enhanced its service offering with the acquisition of Satori Software, one of the world market leaders in postal address quality management tools;

2012: acquisition of GMC Software Technology, a leader in the market of Customer Communications management (CCM) and Human Inference, specialist in Data Quality and Master Data management (MDM);

2013: acquisition of DMTI Spatial, the leading Canadian provider of location-based data quality solutions;

2014: acquisition of ProShip, a leading American provider of high-volume multi-carrier parcel shipping solutions;

2015: acquisition of a majority stake in Temando Holding Pty Ltd, an Australian company providing logistic solutions for the e-commerce sector;

2016: Yamato Transport and Quadient formed a joint venture to launch an open parcel locker network in Japan; acquisition of Icon Systemhaus GmbH, the German leader in Customer Communications management solutions;

2017: disposal of DMTI Spatial; increase in participation of Temando to 100%;

2018: disposal by the american subsidiary Quadient Holding USA Inc. of Satori Software and acquisiton by the same subsidiary of Parcel Pending Inc.;

2019: disposal by the dutch subsidiary Mailroom Holding BV of Quadient Data Netherlands BV (former Human Inference).

Highlights of 2020

CHANGE OF THE NAME AND THE VISUAL IDENTITY

The change of the name of the holding from Neopost S.A. to Quadient S.A. was approved by the Annual General Meeting on 6 July 2020. This choice of an unified brand was the result of deploying the new Group organization as part of the Group's "Back to growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

ACQUISITION OF YAYPAY

On 29 July 2020, Quadient Holdings USA acquired 100% of the company YayPay, leading Fintech company specialized in account receivables automation solutions.

SALE OF PROSHIP INC. AND QUADIENT OCEANIA PTY LTD

On 28 February 2020, Quadient divested the company ProShip Inc., a global provider of automated multi-carrier shipping software.

On 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd.

IMPAIRMENT ON INVESTMENTS, LOANS AND WAIVER OF DEBTS

Waiver of debts for an amount of 18.9 million euros accorded to Neopost Shipping Holding Pty, of 6.9 million euros accorded to Temando LLC and 1.1 million euros accorded to Neopost Mailing Logistic Systems are recorded this year. Related depreciation reversals of 46.1 million euros are recorded as at 31 January 2021. A depreciation of the loan accorded to Neopost Holding Pty Ltd of 17.1 million euros is recorded.

The impairment test on investments has been performed and leads to the impairment of investments in Quadient Japan for 2.1 million euros and Neopost Asia Pacific (Holding) Pte Ltd for 2.3 million euro

PANDEMIC COVID-19

The year 2020 has been marked by the global health crisis resulting from the COVID-19 circulation. Containment measures have been implemented in many countries where Quadient operates. With the spread of the virus, the priority for Quadient has been the health and the security of its employees. Since the beginning of this crisis, the Group has adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers while containing the effects of the crisis on its profitability. These measures include in particular a strong costs reduction program (temporary recruitment freezes, drastic reduction in subcontractors, reduction of bonuses…), partial unemployment wherever possible, further use of home working, providing protection material for the employees… European manufacturing sites have been affected to various degrees from a strong decline in activity for some to a total several months closing for others. An impairment test on investments has been performed and leads to the impairments mentioned aboved.

NOTE 2 MAIN ACCOUNTING PRINCIPLES

The financial statements closed on 31 January 2021 are prepared in accordance with the measures of the French commercial code (articles L.123-12 to L.123-28), of the French accounting rules authority (ANC) regulation no. 2014-03.

The following rules are applied in accordance with the prudence principle:

- business continuity;
- independence of financial years;
- continuity of accounting methods from one year to another;
- and in accordance with the general rules of establishment and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method.

Concerning, the borrowings issue costs the Company chose to apply the spread of issue costs over the contract duration.

NOTE 3 INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at their acquisition cost (purchase price plus related expenses).

Assets are amortized on a straight-line basis according to their useful lives.

The most common amortization periods are as follows:

- IT implementation projects: five or seven years;
- software: five years;
- fixtures: ten years;
- office furniture and equipment: four, five or eight years.

	Intangible fixed assets	Tangible fixed assets
Net book value at 31 January 2019	**0.1**	**0.0**
Acquisitions	-	0.2
Change in amortization and depreciation	-	-
Net book value at 31 January 2020	**0.1**	**0.2**
Acquisitions	-	-
Change in amortization and depreciation	(0.1)	-
NET BOOK VALUE AT 31 JANUARY 2021	**0.0**	**0.2**

NOTE 4 FINANCIAL ASSETS

Financial assets are valued at their acquisition cost (purchase price plus related expenses) or at their contribution value.

The valuation of investment in affiliates is reviewed each year. An impairment test is carried out at least once a year through the projectionof future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years. The discounting rate is the weighted average cost of capital after tax to which a specific risk premium might be added. Impairment isrecorded when the asset's recoverable amount is lower than its carrying amount.

This category includes the deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market funds.

	31 January 2021	31 January 2020
Investments – Gross value		
Quadient Finance France	8.6	8.6
Mailroom Holding BV	26.0	26.0
Quadient Holdings USA Inc.	246.2	246.2
Quadient Switzerland AG	12.5	12.5
Neopost Asia Pacific (Holding) Pte Ltd	2.9	2.9
Quadient Canada Ltd	9.3	9.3
Quadient Denmark A/S	16.1	16.1
Quadient Finance Ireland Ltd	15.0	15.0
Quadient Finland Oy	2.9	2.9
Quadient France	197.4	194.9
Neopost Services	-	2.5
Quadient Germany GmbH&Co. KG	43.3	43.3
Quadient Holdings Ltd	77.9	77.9
Neopost Holdings Pty Ltd	43.2	43.2
Quadient Industrie france	0.0	0.0
Quadient Ireland Ltd	1.0	1.0
Quadient Japan	3.1	3.1
Quadient Norge AS	4.5	4.5
Quadient Belgium Nv	0.5	0.5
Neopost SDS Ltd	4.6	4.6
Neopost Shipping Holding Pty Ltd	20.5	20.5
Quadient Shipping	7.2	7.2
Quadient Italy Srl	1.3	1.3
Quadient Sverige AB	13.1	12.0
Quadient Technologies UK Ltd	33.7	33.7
Neopost Verwaltungs GmbH	3.3	3.3
Quadient CXM AG	132.3	132.3
Rena GmbH	6.3	6.3
Packcity SAS	1.3	1.3
AMS Investissement	0.1	0.1
Docapost BPO IS	2.4	2.4
X'Ange Capital 2	1.3	4.2
Partech Entrepreneur II	4.0	4.9
Investments – Total gross value	**941.8**	**944.5**
Loans to subsidiaries	322.6	549.7
Equity loan to Neopost Mailing Logistic Systems	0.0	0.3
Liquidity contract	1.1	1.4
Total gross value	**1,265.5**	**1,495.9**

	31 January 2021	31 January 2020
Impairment on investments		
Neopost SDS Ltd	(4.6)	(4.6)
Rena GmbH	(6.3)	(6.3)
Neopost Shipping Holding Pty Ltd	(20.5)	(20.5)
Neopost Holdings Pty Ltd	(34.9)	(34.9)
Quadient Finland Oy	(1.8)	(1.8)
Quadient Norge AS	(2.8)	(2.8)
Quadient Sverige AB	(9.7)	(9.7)
Quadient Denmark A/S	(14.6)	(14.6)
Quadient Japan	(2.1)	-
Neopost Asia PAcific (Holding) Pte Ltd	(2.3)	-
Investments – Total impairment	**(99.6)**	**(95.2)**
Loans – Total impairment	**(17.1)**	**(24.9)**
Total impairment	**(116.7)**	**(120.1)**
TOTAL NET VALUE	**1,148.8**	**1,375.8**

Changes in the financial assets gross value over the period are mainly due to:

- the capital increase in Quadient Sverige of 1.0 million euros;
- the distribution received from X'Ange for 2.9 million euros;
- the distribution received from Partech Entrepreneur II for 0.9 million euros;
- the decrease of (39.1) million euros in long-term loans to the Group's subsidiaries including a reclassification from long term to short term of Quadient Finance Ireland loan for an amount of (188.0) million euros;
- the decrease of the Equity loan to Neopost Mailing Logistic Systems (0.3) million euros, recorded as a loss for the year;
- the decrease of the liquidity contract of 0.3 million euros.

Changes in the loans impairment are explained by the followings:

- the depreciation reversal of Neopost Shipping Holding Pty Ltd's loan for 24.9 million euros, following the write-off of this receivable for 18.9 million euros as at 31 January 2021;
- the recognition of a depreciation of Neopost Holdings Pte Ltd's loan for 17.1 million euros.

An impairment test has been carried out on Quadient S.A. financial assets as at 31 January 2021 and leads to the depreciation of investments in Quadient Japan for 2.1 million euros and Neopost Asia Pacific (Holding) Pte Ltd for 2.3 million euros.

NOTE 5 RECEIVABLES

Trade receivables are valued at their nominal value. When appropriate, depreciations have been booked to take into potential recovery difficulties.

	31 January 2021	31 January 2020
Subsidiary current accounts – cash facility		
Quadient CXM Switzerland AG	3.1	0.5
Quadient CXM Czech s.r.o.	2.2	1.7
Quadient CXM Canada Inc.	1.6	1.6
Quadient CXM Denmark Aps	1.4	1.4
Quadient Data UK Ltd	2.6	2.5
Neopost Asia Pacific (Holding) Pte Ltd	4.0	3.1
Quadient Australia Pty Ltd	-	0.9
Quadient CXM Italy	0.1	0.5
Quadient Poland Sp. z.o.o	1.2	1.3
Quadient Technologies Czech s.r.o.	0.8	1.9
Quadient CXM AG	8.5	13.1
Quadient Leasing USA Inc.	0.7	27.5
Quadient Finance USA Inc.	-	3.0
Quadient Holdings USA Inc.	27.0	65.3
Quadient Switzerland AG	2.3	1.7
Quadient Shipping	7.0	3.1
Quadient Finance UK Ltd	3.0	6.0
Quadient Finance Ireland Ltd	156.0	9.4
Quadient Global Services Ltd	1.5	1.0
Neopost Mailing Logistic Systems	-	0.7
Quadient UK Ltd	0.9	2.6
Neopost SDS Ltd	3.4	3.3
Quadient Italy Srl	23.0	18.8
Quadient Rental Italy Srl	8.0	6.2
Quadient Japan	3.2	3.3
Neopost Software GmbH	2.6	7.0
Quadient Sverige AB	-	1.3
Quadient Technologies France	14.0	8.1
Neopost Verwaltungs GmbH	5.0	4.9
Packcity Geopost	-	0.5
Packcity SAS	4.0	4.4
Parcel Pending Inc.	-	2.6
ProShip Inc.	-	8.9
Temando LLC	-	6.7
Temando Pty Ltd	-	14.6
Temando SAS	0.8	0.8

	31 January 2021	31 January 2020
Quadient Industrie France	0.5	-
Quadient International Supply Ltd	2.5	-
Quadient Solutions Ltd	7.2	-
Quadient Finance Switzerland AG	0.6	-
YayPay UK Ltd	0.3	-
YayPay Inc.	0.9	-
Other	0.4	1.1
Total subsidiary current accounts	**300.3**	**241.3**
Accounts receivables (intercompany billing services)	16.3	21.3
Tax receivables	5.9	4.0
Dividend receivables	-	-
Other	2.8	4.7
Total gross value	**325.3**	**271.3**
Impairment	**(0.8)**	**(22.0)**
TOTAL NET VALUE	**324.5**	**249.3**

Gross receivables increase for an amount of 54.0 million euros is mainly explained (i) by the decrease of short-term advances to subsidiaries for 129.0 million euros (the short term part of long term loans of Quadient Finance Ireland are reclassified for 188 million euros); (ii) by the decrease of 5.0 million euros of intercompany billing services receivables; (iii) and by the increase of the receivable against the State for an amount of 1.9 million euros, due to the increase of VAT's receivable of 1.1 million euros and corporate tax's receivable of 0.8 million euros.

The change in depreciations of short term advances (0.8 million euros as of 31 January 2021 compared with 22.0 million euros as of 31 January 2020) is mainly explained by a decrease of the depreciation of the Temando Holding Pty Ltd current account for 14.5 million euros, and those of the current account of Temando LLC for 6.7 million euros.

The trade receivables settlement period is 30 days.

The receivables breakdown by maturity at 31 January 2021 is as follows:

	Gross value	Less than 1 year	More than 1 year
Loans to subsidiaries	322.6	-	322.6
Other financial assets – Liquidity contract	1.1	-	1.1
Tax receivables	5.9	2.7	3.2
Subsidiaries current accounts	300.3	300.3	-
Receivables on intercompany billing services	16.3	16.3	-
Other receivables	2.8	2.8	-
TOTAL	**649.0**	**322.1**	**326.9**

NOTE 6 SHORT-TERM INVESTMENTS AND CASH & CASH EQUIVALENTS

Short-term investments and cash & cash equivalents are made up of treasury shares, short term securities and cash & cash equivalents. Short-term securities are valued using the First In First Out (FIFO) method. When the realizable value is lower than the acquisition cost, depreciation is recorded in the financial result for the amount of that difference.

Concerning stock-options and free share attributions and as soon as it is likely that the entity will deliver existing shares to the plan beneficiaries, a liability should be accounted for, on the basis of a probability that an outflow of resources will be necessary. The value of the outflow of resources is estimated on the basis of the probable cost of buying back the shares if they are not already held or of their entry cost on the date of plan allocation, determined in accordance with the following principles:

- if the allocation of options and free shares is subject to the fact that the beneficiary is still in the Company's staff during a certain period of time, the accounting method for this liability is spread over the vesting period. The free shares attribution expenses are recorded in the income statement on the line employees expenses;
- the treasury shares allocated to specific plans remain measured at the acquisition cost and will not be depreciated. The booking cost is the acquisition cost (if the shares have been allocated to a specific plan since their acquisition) or their net book value at the plan allocation date in the case of a future allocation. The shares acquired with a view to be attributed to employees and that are not attached to a determined plan remain measured according to general rules that apply to marketable securities.

	31 January 2021	31 January 2020
Short-term investments and cash & cash equivalents		
Treasury shares	3.3	2.9
Short-term securities	-	-
Cash & cash equivalents	413.9	405.2
TOTAL	**417.2**	**408.1**

Treasury shares

The number of treasury shares at 31 January 2021 is 173,367 of which 153,863 are held for the liquidity contract and 19,504 with the aim of fulfilling the obligations of the stock-option and free share plans attributed to employees and directors of the Group.

Under the liquidity contract, shares cannot be sold freely except if the contract is cancelled.

This contract was signed with Exane BNP Paribas on 2 November 2005 for one year and is renewable by tacit agreement. The amount allocated to this contract was initially 8 million euros. The purpose is to reduce excessive volatility of the Quadient share and to improve liquidity.

Transactions in 2020 are the following:

	31 January 2020		Bought		Sold		Transferred		31 January 2021	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Liquidity contract	132,468	2.8	643,259	9.3	(621,864)	(9.3)	-	-	153,863	2.8
Coverage of obligations	5,968	0.1	40,000	0.9	-	-	(26,464)	(0.5)	19,504	0.5
TOTAL	**138,436**	**2.9**	**683,259**	**10.2**	**(621,864)**	**(9.3)**	**(26,464)**	**(0.5)**	**173,367**	**3.3**

NOTE 7 TRANSACTIONS IN FOREIGN CURRENCIES

A translation adjustment is determined for each asset or liability denominated in a foreign currency, at the closing exchange rate. Translation differences are offset between assets and liabilities denominated in one currency and having the same maturity, to determine the foreign exchange losses provision.

Assets and liabilities translation differences are offset between hedging financial instruments (exchange rate futures) and the appropriate receivables and payables, to determine the provision. This offset amounted to 16.8 million euros at 31 January 2021 and the provision is recorded for an amount of 0.8 million euros. As of 31 January 2021, the translation adjustment asset comes out at 4.8 million euros and the translation adjustment liability at 16.8 million euros.

The revaluation of the current accounts in foreign currencies, bank accounts in foreign currencies and associated hedges is accounted in the financial result of Quadient S.A. As at 31 january 2021 Quadient S.A. recognized in this respect, a foreign exchange gain of 28.0 million euros and a foreign exchange loss of 9.2 million euros.

NOTE 8 SHAREHOLDERS' EQUITY

8-1: Capital

At 31 January 2021, the share capital totaled 34.6 million euros divided into 34,562,912 ordinary shares with a par value of 1 euro each, the share capital is fully released. There was no change during financial year 2020.

8-2: Additional paid-in capital

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. At 31 January 2021, additional paid-in capital amounts to 52.9 million euros. There was no change during 2020 financial year.

8-3: Reserves and retained earnings

This item mainly comprises cumulated net income over the years and dividend payments.

8-4: Dividend per share

Retained earnings before appropriation of 2020 net income amount to 314.2 million euros as at 31 January 2021 compared with 315.1 million euros as at 31 January 2020.

A dividend of 0.50 euros should be paid, subject to the 1 July 2021 General Meeting's approval in relation to the 2020 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2019 financial results was 0.35 euros and it was paid in cash the 9 September 2020.

NOTE 9 CONTINGENCY AND LOSS PROVISIONS

Contingency and loss provisions, are intended to cover risks and expenses that are likely because of past or on-going events, and whose amount or maturity are uncertain. The provision amount corresponds to the best estimate of the cash-out with no equivalent offset.

	31 January 2020	Added	Used	Non-used	31 January 2021	Maturity
Contingency provisions						
Unrealized foreign exchange losses	9.5	-	(8.7)	-	0.8	n/a
Total contingency provisions	**9.5**	**-**	**(8.7)**	**-**	**0.8**	
Loss provisions						
Retirement indemnities	0.8	-	-	-	0.8	n/c
Treasury shares	0.1	0.3	-	-	0.4	1 to 2 years
Phantom shares	0.1	-	-	(0.1)	-	closed
Others	-	2.3	-	-	2.3	n/a

	31 January 2020	Added	Used	Non-used	31 January 2021	Maturity
Total loss provisions	**1.0**	**2.6**	**-**	**(0.1)**	**3.5**	
TOTAL	**10.5**	**2.6**	**(8.7)**	**(0.1)**	**4.3**	

Treasury shares

At 31 January 2021, the Group has 153,863 shares held for the liquidity contact and 19,504 shares to fulfil the commitments on the stock-option and free share attribution programs for employees and Group executives, compared with 132,468 shares and 5,968 shares as at 31 January 2020.

	Number	31 January 2020	Added	Used	Non-used	Number	31 January 2021
TOTAL	**5,968**	**0.1**	**(26,464)**	**(0.5)**	**40,000**	**19,504**	**0.5**

Deferred incentive plan (phantom share plan)

The liability is recognized when the phantom shares are attributed and the expense, spread out on the acquisition period, represents the valuation of the number of phantom shares attributed at the last share price at the end of the financial year. At each closing date, the provision is revaluated based on the last Quadient share price and the headcount variation.

At 31 January 2021, there are no more long term incentive

NOTE 10 FINANCIAL DEBTS

At 31 January 2021 and 31 January 2020, debts break down as follows:

	Less than one year	One to five years	More than five years	31 January 2021	31 January 2020
Undated bonds (ODIRNANE)[(a)]	1.1	265.0	-	266.1	266.1
Dette obligataire – Quadient S.A. 2.50%[(b)]	2.5	163.1	-	165.6	180.7
Dette obligataire – Quadient S.A. 2.25%[(c)]	7.5	-	323.5	331.0	323.3
Placements privés États-Unis[(d)]	-	-	-	-	109.1
Schuldschein[(e)]	3.2	387.4	22.5	413.1	428.4
Ligne *revolving*[(f)]	0.1	-	-	0.1	0.1
Emprunt Neopost Ireland Ltd	0.6	-	-	0.6	0.6
TOTAL	**15.0**	**815.5**	**346.0**	**1,176.5**	**1,308.3**

	Less than one year	One to five years	More than five years	31 January 2021	31 January 2020

(a) *On 16 June 2015, Quadient S.A. issued a net share settled undated senior unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265.0 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market "Freiverkehr" of the Frankfurt stock exchange under ISIN code FR0012799229.*

(b) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021.*
On February 5 2020, Quadient bought back on the market a nominal of 15.0 million euros in addition to the 148.8 bought back earlier on 23 January 2020. bringing the notional outstanding amount to 163.2 million euros. This obligation is reimbursed on 23 March 2021, Quadient having exercised his prepayment option at par 3 months before maturity.

(c) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025*

(d) *On 20 June 2012, Quadient concluded a private placement in the United States consisting of five tranches with different maturities between four and ten years for a total of 175 million United States dollars. On 4 September 2014, Quadient S.A concluded a 90.0 million United States dollars private placement amortizable in three equal instalments starting in September 2020. During 2020, Quadient has repaid the entire private placement in the United States for a total amount of 115.0 million United States dollars of which 85.0 million United States dollars by anticipation. The reimbursement by anticipation has resulted in a make-whole of 3.0 millions United States dollars, booked in the profit and loss statement.*

(e) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars.*
In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities of between three and six years for a total amount of 130.0 million euros and 90.0 million United States dollars.
In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities of between four and five years for a total amount of 30.5 million euros and 13.0 million United States dollars.

(f) *On 20 June 2017, Quadient S.A. arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBIDTA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2021, Quadient S.A. does not use that credit facility.*

With the exception of the bond issue – Quadient S.A. 2.50%, the bond issue – Quadient S.A. 2.25% and the ODIRNANE which are not subject to any covenant, the various debts (private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants based on consolidated financial statements. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants as at 31 January 2021.

Debts maturity as at 31 January 2021 is as follows:

	Gross value	Less than 1 year	One to five years	More than 5 years
Undated bonds (ODIRNANE)	266.1	1.1	265.0	-
Bonds issue – Quadient S.A. 2.50%	165.6	2.5	163.1	-
Bonds issue – Quadient S.A. 2.25%	331.0	7.5	-	323.5
Schuldschein	413.1	3.2	387.4	22.5
Bank loans	0.1	0.1	-	-
Borrowing from Quadient Finance Ireland ltd	0.6	0.6	-	-
Trade payables	14.0	14.0	-	-
Tax and social security liabilities	0.3	0.3	-	-
Other debts	310.2	310.2	-	-
TOTAL	**1,501.0**	**339.5**	**815.5**	**346.0**

NOTE 11 INCOME STATEMENT

11-1: Operating income

Quadient S.A.'s operating loss amounts to 11.4 million euros compared with a loss of 4.3 million euros for the previous year and it breaks down as follow:

	31 January 2021	31 January 2020
Assistance to subsidiaries	20.0	22.6
Brand royalties	9.0	8.0
Rebilling of costs paid on behalf of subsidiaries	4.7	4.3
Reversal of depreciation and amortization, transfer of expenses	0.2	4.0
Other revenues	0.0	0.1
Revenue from operations	**33.9**	**39.0**
Wages, bonuses, commissions and payroll charges	(16.0)	(13.0)
Fees	(5.4)	(4.9)
Expenses related to acquisitions	(7.7)	(9.2)
Purchases, maintenance	(0.8)	(0.4)
Transport and travel, seminars	(1.0)	(2.4)
Staff seconded	(6.4)	(4.5)
Insurance	(0.8)	(0.7)
Taxes	(0.9)	(1.3)
Rents and associated costs	(0.9)	(1.0)
Compensation of directors	(0.5)	(0.4)
Treasury shares delivered (for the allocation of free shares)	(0.6)	(0.4)
Borrowing expenses	(0.3)	(3.7)
Depreciation and amortization expenses	(3.8)	(1.1)
Other expenses	(0.2)	(0.3)
Operating expenses	**(45.3)**	**(43.3)**
Operating income	**(11.4)**	**(4.3)**

The management fees contracts and brand name contracts generate an income of 29.0 million euros as at 31 January 2021 compared with 30.6 million euros as at 31 January 2020.

11-2: Financial income

Financial income amounts to 34.6 million euros compared with 9.5 million euros a year before and it breaks down as follows:

	31 January 2021	31 January 2020
Interest expenses on external borrowings	(35.0)	(41.3)
Net income on internal loans and borrowings	18.2	18.8
Loss on receivables related to investments	(26.9)	(1.8)
Dividends received	64.6	75.6
Revenue from disposals of securities	0.1	0.2
Other financial products	2.2	2.2
Net gain on foreign exchange and swaps	(21.7)	37.1
(Provision)/reversal for losses on foreign exchange	8.7	(6.2)
(Provision)/reversal of impairment on short-term receivables	21.2	(12.6)

	31 January 2021	31 January 2020
(Provision)/reversal of impairment on investments in affiliates	(4.4)	(63.8)
(Provision)/reversal of impairment on loans	7.9	1.1
(Provision)/reversal of impairment on treasury shares	(0.3)	0.2
TOTAL	**34.6**	**9.5**

11-3: Extraordinary income

Quadient S.A.'s extraordinary loss amounts to 0.2 million euros compared with a loss of 0.5 million euros as at 31 January 2020.

Treasury shares disposals under the liquidity contract generate extraordinary income from capital transactions for 1.0 million euros (0.2 million euros at 31 January 2020) and extraordinary expenses from capital transactions for 1.2 million euros (0.7 million euros at 31 January 2020).

11-4: Income tax

Quadient S.A. is the parent company of an integrated tax group under the terms of article 223A of the French general tax code. In this context, Quadient S.A. is only liable for income tax due by its subsidiaries with a view to determining the whole Group's earnings. The tax consolidation agreement used in the Group is based on the principle of neutrality and plan that the tax burden is borne by the Company as in the absence of tax consolidation. The tax is thus calculated on the Company's own taxable income. The tax savings realized by the Group, through losses, adjustments or tax credits, are retained by the parent company and regarded as an immediate gain for the year (in a year in which the Company show some profits, the parent company will then bear a tax charge).

Non-deductible tax expenses:

In accordance with article 223 *quater* of the French general tax code, the financial statements for the financial year ended the 31 January 2021 contain 95,185 euros of non-deductible expenses for income tax (article 39-4 of the French general tax code), but do not contain overhead costs, which are non-deductible for tax purposes (article 39-5 of the French general tax code).

The French tax consolidation group includes the following companies in 2020:

- Quadient France which has merged with Neopost Services
- Quadient Finance France;
- Quadient Industrie France S.A.;
- Quadient Technologies France;
- Quadient Shipping.

For financial year 2020, the tax benefit coming from the tax consolidation is 6.3 million euros (6.4 million euros for 2019), the tax charge resulting from witholding tax is 0.2 million euros and the tax benefit resulting from an adjustment to the distribution of minority interests.

Losses carried forward amount to 55.7 million euros as at 31 January 2021. As at 31 January 2021, the Group tax result submitted to ordinary tax rate is a loss.

Net income amounts to 29.6 million euros (11.1 million euros as at 31 January 2020).

	Income before tax	Theoretical tax	Net income
Current income	23.2	5.2	28.4
Extraordinary Income (loss)	(0.2)	0.1	(0.1)
Sub-total	**23.0**	**5.3**	**28.3**
Tax credits offsetting	-	1.8	1.8
Tax witholding impact	-	(0.2)	(0.2)
Tax adjustment on distributions	-	0.5	0.5
Effect of tax consolidation	-	(0.8)	(0.8)
TOTAL	**23.0**	**6.6**	**29.6**

NOTE 12 INFORMATION ON ASSOCIATED COMPANIES

Figures for associated companies break down as shown below:

		Associated companies	
	31 January 2021	Majority stake	Minority stake
Financial assets	1,152.1	1,144.5	7.6
Receivables	315.8	315.8	-
Financial debts	0.6	0.6	-
Financial expenses	28.8	28.8	-
Financial income (interests)	20.1	20.1	-
Financial income (dividends)	64.6	67.1	(2.5)

NOTE 13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The foreign exchange forward contracts and options outstanding as at 31 January are reassessed at that date.

Unrealized gains or losses resulting from this reassessment are:

- accounted for in compensation of unrealized gains or losses on assets or liabilities hedged by these instruments;
- deferred if these instruments have been allocated to operations related to the following year.

Concerning the hedging of loans and advances on the current accounts in foreign currencies, the deferral/offset of forward purchases and sales is recognized on a *prorata-temporis* basis in the financial result of the company.

The effects of interest rate hedges (swaps, forward rate agreements, caps, *etc.*) are calculated using a *prorata temporis* over the contract's length, and accounted for in interest expenses for the year.

13-1: Liquidity risk

The Group's cash requirement and the debt servicing account form a significant proportion of its cash flow.

The Group believes that its cash flow (defined in the consolidated cash flow statement) will enable it to service its debt, given the current level of business. However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

With the exception of the bond issue – Quadient S.A. 2.50%, the bond issue – Quadient S.A. 2.25% and ODIRNANE which are not subject to any covenant, the various debts (*Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 January 2021.

13-2: Exchange rate risk hedging

RISK MANAGEMENT POLICY

The Group has a policy of centralizing its exchange risk, enabling the Group to monitor its overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed, the Group implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Quadient S.A. uses the services of an independent consultancy based in Paris. This company assists Quadient in the Group's exchange rate risk hedging policy and values its portfolios, thus ensuring continuity of methodology and providing an opinion independent of any financial institution.

Quadient S.A., as the centralizing Company, grants foreign exchange contracts at guaranteed exchange rates to subsidiaries exposed to exchange rate risks, and reverses the resulting positions in the market.

YEAR-END POSITION

The tables below show Quadient S.A.'s year-end hedging positions and commitments to its subsidiaries.

2020 FINANCIAL YEAR – ASSETS AND LIABILITIES HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT S.A.'S BALANCE SHEET AT 31 JANUARY 2021 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2021

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	7.3	0.8	0.2	0.7	25.6	0.8	1.4	0.7	0.1	0.1	0.3	-
Foreign exchange contract assets	42.1	6.5	2.1	6.2	135.4	5.6	13.7	3.8	8.2	0.6	1.5	0.1
Total assets exposure	**49.4**	**7.3**	**2.3**	**6.9**	**161.0**	**6.4**	**15.1**	**4.5**	**8.3**	**0.7**	**1.8**	**0.1**
Financial liabilities	2.8	1.2	-	-	0.2	-	0.1	-	0.3	0.1	-	-
Foreign exchange contract liabilities	10.0	6.5	0.5	0.3	84.9	1.7	15.2	0.5	60.4	0.6	0.3	0.1
Total liabilities exposure	**12.8**	**7.7**	**0.5**	**0.3**	**85.1**	**1.7**	**15.3**	**0.5**	**60.7**	**0.7**	**0.3**	**0.1**
Net exposure before hedging	**36.6**	**(0.4)**	**1.8**	**6.6**	**75.9**	**4.7**	**(0.2)**	**4.0**	**(52.4)**	**-**	**1.5**	**-**
Hedging	(36.2)	-	4.8	(4.0)	138.5	(4.8)	(6.1)	(3.6)	52.4	(2.6)	(1.5)	(0.3)
NET EXPOSURE AFTER HEDGING	**0.4**	**(0.4)**	**6.6**	**2.6**	**214.4**	**(0.1)**	**(6.3)**	**0.4**	**-**	**(2.6)**	**-**	**(0.3)**

2021 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2021 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2022

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	25.2	2.9	0.7	3.1	99.6	3.7	2.0	2.0	0.2	-	2.7	0.1
Foreign exchange contract assets	177.5	34.4	18.7	42.7	1,425.9	61.3	39.1	23.5	75.6	5.8	8.2	0.6
Total assets exposure	**202.7**	**36.9**	**19.4**	**45.8**	**1,525.5**	**65.0**	**41.1**	**25.5**	**75.8**	**5.8**	**10.9**	**0.7**
Projected financial liabilities	8.2	0.3	0.1	0.1	0.6	-	0.2	0.2	1.0	0.1	0.4	-
Foreign exchange contract liabilities	102.1	23.3	5.7	1.4	1,151.7	4.6	56.2	5.3	856.1	7.2	1.1	1.8
Total liabilities exposure	**110.3**	**23.6**	**5.8**	**1.5**	**1,152.3**	**4.6**	**56.4**	**5.5**	**857.1**	**7.3**	**1.5**	**1.8**
Net exposure before hedging	**92.4**	**13.3**	**13.6**	**44.3**	**373.2**	**60.4**	**(15.3)**	**20.0**	**(781.3)**	**(1.5)**	**9.4**	**(1.1)**
Hedging	(46.5)	(7.1)	(4.0)	(12.0)	(145.0)	(26.1)	4.8	(7.0)	255.9	-	(3.8)	-
NET EXPOSURE AFTER HEDGING	**45.9**	**6.2**	**9.6**	**32.3**	**228.2**	**34.3**	**(10.5)**	**13.0**	**(525.4)**	**(1.5)**	**5.6**	**(1.1)**

The Group uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 20.5 million United States dollars sold, 1.8 million British pounds sold, 1.5 million Canadian dollars sold, 2.0 million Norwegian krona sold, 30.0 million Japanese yen sold, 5.0 million Swedish krona sold, 0.8 million Australian dollars sold, and 75,0 million Czech krona purchased.

The Group also makes use of asymmetric options tunnels. The asymmetric part by currency is as follows: 18.5 million United States dollars sold.

HEDGING INSTRUMENTS

The Group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties.

The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

INSTRUMENT DETAILS

The instruments in the portfolio have a maturity of less than twelve months at 31 January 2021. These instruments are listed below by type and by currency for the period to which they relate.

2020 FINANCIAL YEAR – DERIVATIVES INTRUMENTS HEDGING POSITIONS AND COMMITMENTS TO SUBSIDIARIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	36.2	-	-	-	-
GBP	-	-	-	-	-	-
CAD	6.4	1.6	-	-	-	-
NOK	-	4.0	-	-	-	-
JPY	138.5	-	-	-	-	-
SEK	-	4.8	-	-	-	-
CHF	-	6.1	-	-	-	-
DKK	-	3.6	-	-	-	-
CZK	52.4	-	-	-	-	-
SGD	-	2.6	-	-	-	-
AUD	-	1.5	-	-	-	-
PLN	-	0.3	-	-	-	-

2021 BUDGET – DERIVATIVES INSTRUMENTS HEDGING OF ANTICIPATED ASSETS AND LIABILITIES POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	7.5	30.5	-	-	39.0
GBP	-	3.8	1.8	-	-	3.3
CAD	-	1.0	1.5	-	-	3.0
NOK	-	8.0	2.0	-	-	4.0
JPY	-	85.0	30.0	-	-	60.0
SEK	-	16.1	5.0	-	-	10.0
CHF	4.8	-	-	-	-	-
DKK	-	7.0	-	-	-	-
CZK	180.9	-	-	150.0	75.0	-
AUD	-	2.4	0.8	-	-	1.4

INSTRUMENT VALUATIONS

Hedging instruments relating to the 2020 financial year, *i.e.* hedging assets and liabilities on the balance sheet as at 31 January 2021, have been fully valued and recognized at their market value at 31 January 2021. The net market value of these instruments as at 31 january 2021 is 0.2 million euros.

Financial instruments relating to the 2021 budget have not been valued in Quadient S.A.'s financial statements.The net market value of these instruments as at 31 january 2021 is 0.1 million euros.

EXCHANGE RATE DEAL COUNTERPARTY RISK

Operations are carried out with first ranked international banks that take part in the revolving credit facility.

HEDGING OF FOREIGN-CURRENCY LOANS AND CURRENT ACCOUNT ADVANCES

In the absence of an individual backing between the exposures and the currency derivatives, Quadient S.A. has chosen, for accounting simplification, not to qualify as hedging the derivatives in order to reduce the exposure to the currency risk of the long term USD position. This exposure corresponds to the difference between the balance of the long-term USD intercos loans and the USD borrowings of Quadient S.A. This unqualified position ("Position Ouverte Isolée") is entirely made up of foreign exchange swaps.

In application of the ANC 2015-05 standard, the unrealized foreign exchange result of this unqualified position is recorded in the balance sheet as a counterpart to the unrealized gains or losses on assets or liabilities and is the subject of a provision for exchange risk in the context of a latent loss.

As of 31 january 2021, the fair value of this unqualified position was 8.9 million euros.

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments[b]
Quadient Inc.[a]	Short term advance	USD	(14.4)	
Quadient Leasing USA Inc.[a]	Short term loan	USD	0.9	
Quadient Leasing USA Inc.[a]	Loan	USD	270.0	
Quadient Holdings USA Inc.[a]	Short term loan	USD	32.8	
Quadient Finance USA Inc.[a]	Short term advance	USD	(18.3)	
Quadient Finance USA Inc.[a]	Loan	USD	40.0	
Quadient UK Ltd[a]	Short term loan	USD	0.8	
Quadient International Supply Ltd[a]	Short term loan	USD	0.4	
Quadient Industrie France[a]	Short term loan	USD	0.4	
Quadient Shipping[a]	Short term advance	USD	(0.3)	
Quadient CXM Switzerland AG[a]	Short term loan	USD	0.2	
Quadient CXM AG[a]	Short term loan	USD	5.6	
Quadient Supply Hong Kong[a]	Short term advance	USD	(2.0)	
Quadient CXM Canada Inc.[a]	Short term advance	USD	(0.9)	
Quadient Singapore Pte Ltd[a]	Short term loan	USD	1.2	
Neotouch Cloud solutions Dac[a]	Short term advance	USD	(1.0)	
Quadient Global Services[a]	Short term loan	USD	1.5	
Quadient CXM USA Inc.[a]	Short term advance	USD	(18.0)	
Parcel Pending Inc.[a]	Short term advance	USD	(2.8)	
YayPay Inc.[a]	Short term loan	USD	1.0	297.1[c]
Quadient International Supply Ltd	Short term advance	GBP	(0.7)	
Quadient UK Ltd	Short term advance	GBP	(3.8)	
Quadient Finance UK Ltd	Short term loan	GBP	2.6	
Neopost SDS Ltd	Short term advance	GBP	(0.5)	
Quadient CXM Ltd	Short term advance	GBP	(0.5)	
Quadient Technologies UK Ltd	Short term advance	GBP	(9.2)	
Quadient Finance Ireland Ltd	Loan	GBP	46.0	
Quadient Finance Ireland Ltd	Short term advance	GBP	(5.0)	
Quadient Data UK Ltd	Short term loan	GBP	2.3	

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments[b]
Quadient Global Services Ltd	Short term loan	GBP	0.3	
Neotouch Cloud solutions Dac	Short term loan	GBP	0.1	
DCS Ltd	Short term advance	GBP	(2.4)	
Quadient CXM AG	Short term advance	GBP	(0.9)	
Quadient Solutions Ltd	Short term loan	GBP	6.4	
YayPay UK Ltd	Short term loan	GBP	0.3	35.0
Quadient Switzerland AG	Short term loan	CHF	2.5	
Quadient Finance Switzerland AG	Short term loan	CHF	0.7	
Quadient CXM AG	Short term advance	CHF	(45.7)	
Quadient CXM Switzerland AG	Short term advance	CHF	(3.3)	
Quadient Finance Ireland Ltd	Loan	CHF	7.3	
Quadient Industrie France	Short term loan	CHF	0.2	(38.3)
Quadient Japan	Short term loan	JPY	406.6	
Quadient Japan	Loan	JPY	24.4	
Quadient Singapore Pte Ltd	Short term advance	JPY	(136.1)	
Packcity Japan	Loan	JPY	3,213.0	
Quadient International Supply Ltd	Short term loan	JPY	282.4	3,790.3
Quadient Norge AS	Short term advance	NOK	(4.4)	
Quadient Finance Norge AS	Short term advance	NOK	(6.9)	
Quadient Finance Ireland Ltd	Loan	NOK	40.0	
Quadient Finance Ireland Ltd	Short term advance	NOK	(0.1)	28.6
Quadient Sverige AB	Short term advance	SEK	(3.1)	
Quadient Finance Ireland Ltd	Loan	SEK	42.0	
Quadient Finance Ireland Ltd	Short term advance	SEK	(3.0)	
Quadient Finance Sweden AB	Short term advance	SEK	(4.1)	31.8
Quadient Finance Ireland Ltd	Loan	DKK	35.0	
Quadient Finance Ireland Ltd	Short term advance	DKK	(4.6)	
Quadient Technologies BV	Short term loan	DKK	0.1	
Quadient CXM Denmark Aps	Short term loan	DKK	10.5	
Quadient Denmark A/S	Short term advance	DKK	(27.7)	
Quadient Finance Denmark Aps	Short term advance	DKK	(5.1)	8.2
Quadient CXM AG	Short term loan	CAD	0.8	
Quadient CXM Canada Inc.	Short term loan	CAD	2.5	3.3
Quadient Finance Ireland Ltd	Loan	AUD	30.5	
Quadient Finance Ireland Ltd	Short term loan	AUD	4.5	
Quadient Australia Pty Ltd	Short term advance	AUD	(1.1)	
Neopost Holdings Pty Ltd	Loan	AUD	28.1	
Quadient CXM AG	Short term loan	AUD	1.1	63.1

(a) *Quadient S.A. naturally hedges these loans by debts in United States dollars (Schuldschein, revolving credit facility).*
(b) *Notional amount of financial instruments equals to financial instruments, external financial debts, bank account balances.*
(c) *Including the unqualified position of 148 million United States dollars.*

13-3: Hedging of interest rate risk

RISK MANAGEMENT POLICY

To limit the impact of a rise in interest rates on its interest expenses, the Group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. Management horizon used is rolling in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

YEAR-END POSITION

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period of three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Quadient S.A. works with the same consultancy for hedging both interest rate risk and exchange rate risk.

The table below sets out Quadient S.A.'s year-end position.

	EUR	USD
Financial assets	-	-
Financial liabilities	998.4	210.3
Net exposure before hedging	(998.4)	(210.3)
Fixed-rate debt	614.9	7.5
Hedging	220.0	225.0

HEDGING INSTRUMENTS

The Group uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying assets (*quanto* swaps for example) are strictly forbidden by internal procedures.

INSTRUMENTS DETAILS

The instruments in the portfolio at 31 January 2021 are listed below, according to type, currency and maturity.

Notional value	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
Cross currency Swap – Lender EUR/Borrower USD	EUR/USD	-	45.7/50.0	-
Swap – buyer	EUR	125.0	29.5	-
Swap – receiver	USD	25.0	70.0	-
Cap – buyer	USD	15.0	50.0	-
	EUR	-	70.0	-
Floor – receiver	USD	15.0	-	-
Floor – buyer	USD	-	45.0	-
	EUR	-	168.3	-

INSTRUMENTS VALUATION

The valuation of the aforementioned instruments is not included in the financial statements at 31 January 2021.

For information, at then end of the financial year, the valuation of these instruments with the IFRS is an asset of 6.8 million euros.

CUSTOMER CREDIT RISK

As the Group's parent holding company, Quadient S.A. is not exposed to any customer credit risk.

OTHER COMMITMENTS GIVEN

	Currency	31 January 2021	31 January 2020
Bank guarantee in favor of the British postal service	GBP	0.8	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7
Partech Entrepreneur II – Investment commitment	EUR	0.1	0.6

PLEDGES OF INVESTMENT SECURITIES

None.

COMMITMENTS RECEIVED

No significant commitment received as at 31 January 2021.

NOTE 14 SUBSIDIARIES AND EQUITY INTERESTS

		Value of investments		Value of loans and advances		2020 net income	2020 sales	Dividends paid
Company name	Equity	Gross value	Net book value	Gross value	Net book value			
Quadient France Nanterre – France	EUR 106.9	EUR 197.4	EUR 197.4	-	-	EUR 25.5	EUR 144.1	EUR 20.2
Quadient Finance France Nanterre – France	EUR 11.2	EUR 8.6	EUR 8.6	-	-	EUR 0.4	EUR 47.4	EUR 1.4
Quadient Industrie France Bagneux – France	EUR 18.6	EUR 0.0	EUR 0.0	-	-	EUR (2.5)	EUR 36.3	-
Quadient Shipping Cavaillon – France	EUR 4.2	EUR 7.2	EUR 7.2	-	-	EUR (3.9)	EUR 14.1	-
Packcity SAS Cavaillon – France	EUR 1.3	EUR 1.3	EUR 1.3	-	-	-	-	-
Docapost BPO IS Charenton-le-Pont – France	EUR 22.0	EUR 2.4	EUR 2.4	-	-	EUR 2.6	EUR 79.6	-
AMS Investissement Paris, 9th – France	EUR 0.5	EUR 0.1	EUR 0.1	-	-	-	-	-
Mailroom Holding BV Drachten – Netherland	EUR 40.2	EUR 26.0	EUR 26.0	EUR 9.2	EUR 9.2	EUR 0.5	-	-
Quadient Italy Srl Milan – Italy	EUR 8.9	EUR 1.3	EUR 1.3	EUR 23.0	EUR 23.0	EUR (1.6)	EUR 7.6	-
Quadient Belgium Bv Zaventem – Belgium	EUR 8.5	EUR 0.5	EUR 0.5	-	-	EUR 0.9	EUR 13.6	-
Neopost Mailing Logistic Systems Barcelone – Espagne	-	EUR 0.0	EUR 0.0	-	-	EUR (0.1)	-	-
Quadient Ireland Ltd Dublin – Ireland	EUR 6.1	EUR 1.0	EUR 1.0	-	-	EUR 0.3	EUR 9.8	-
Neopost SDS Ltd Dublin – Ireland	-	EUR 4.6	-	EUR 3.5	EUR 3.5	-	-	-
Quadient Finance Ireland Ltd Dublin – Ireland	EUR 40.7	EUR 15.0	EUR 15.0	EUR 156.0	EUR 156.0	EUR 19.8	EUR 31.2	EUR 20.0
Neotouch Cloud solutions Dac Dublin – Ireland	-	EUR 0.0	EUR 0.0	-	-	EUR 1.8	EUR 14.0	-
Neopost Global Services Ltd Dublin – Ireland	-	EUR 0.0	EUR 0.0	EUR 1.5	EUR 1.5	EUR 4.0	EUR 19.0	-

Company name	Equity	Value of investments		Value of loans and advances		2020 net income	2020 sales	Dividends paid
		Gross value	Net book value	Gross value	Net book value			
Quadient Switzerland AG Schlieren – Switzerland	CHF 14.9	EUR 12.5	EUR 12.5	CHF 2.5	CHF 2.5	CHF (0.1)	CHF 14.8	-
Quadient CXM AG Effretikon – Switzerland	CHF 56.7	EUR 132.3	EUR 132.3	EUR 8.5	EUR 8.5	CHF 7.5	CHF 51.2	-
Quadient Germany GmbH&Co. KG Munich – Germany	EUR 9.8	EUR 43.3	EUR 43.3	-	-	EUR 3.4	EUR 42.3	-
Neopost Verwaltungs GmbH Munich – Germany	EUR 3.7	EUR 3.3	EUR 3.3	EUR 6.5	EUR 6.5	-	-	-
Rena GmbH Munich – Germany	EUR 1.6	EUR 6.3	-	-	-	-	-	-
Quadient Holdings UK Ltd Romford – UK	GBP 65.2	EUR 77.9	EUR 77.9	-	-	-	GBP 44.1	-
Quadient Technology Holdings UK Ltd Loughton – UK	GBP 3.4	EUR 33.7	EUR 33.7	-	-	-	-	-
Quadient Norge AS Oslo – Norway	NOK 15.0	EUR 4.5	EUR 1.7	-	-	NOK (7.1)	NOK 69.2	-
Quadient Sverige AB Solna – Sweden	SEK 7.7	EUR 13.1	EUR 3.4	-	-	SEK (11.2)	SEK 83.9	-
Quadient Denmark A/S Rodovre – Denmark	DKK 33.1	EUR 16.1	EUR 1.5	-	-	DKK (1.5)	DKK 46.6	-
Neopost Finance Finland Oy Helsinki – Finland	EUR 0.2	EUR 0.0	EUR 0.0	-	-	-	-	-
Quadient Finland Oy Helsinki – Finland	EUR 1.6	EUR 2.9	EUR 1.1	-	-	EUR (0.2)	EUR 4.0	-
Quadient Holdings USA Inc. Milford – USA	USD 553.2	EUR 246.2	EUR 246.2	USD 32.8	USD 32.8	USD (8.0)	-	USD 30.0
Quadient Canada Ltd Markham – Canada	CAD 9.5	EUR 9.3	EUR 9.3	-	-	CAD 1,4	CAD 24.3	-
Neopost Asia Pacific (Holding) Pte Ltd Singapore	SGD 1.0	EUR 2.8	EUR 0.5	-	-	-	-	-
Neopost Holdings Pty Ltd Sydney – Australia	AUD 53.1	EUR 43.2	EUR 8.3	AUD 28.1	-	AUD (29.2)	AUD 47.6	-
Neopost Shipping Holding Pty Ltd Sydney – Australia	AUD 54.6	EUR 20.5	EUR 0.0	-	-	AUD 31.4	-	-
Quadient Japan Tokyo – Japan	JPY (54.0)	EUR 3.1	EUR 1.0	JPY 430.9	JPY 430.9	JPY (162.8)	JPY 570.0	-

NOTE 15 REMUNERATION OF CORPORATE OFFICERS RATIO AND NON-EXECUTIVE DIRECTORS

15-1: Remuneration of corporate officers

SUMMARY OF THE REMUNERATION AND OPTIONS AND SHARES GRANTED TO CORPORATE OFFICERS

(In thousands of euros)	31 January 2021	31 January 2020
Didier Lamouche – Chairman		
Remunerations due for year	150.0	87.5
Valuation of multi-year variable remuneration granted during the year	-	-
Valuation of the options granted during the year[(a)]	-	-
Valuation of the performance shares granted during the year[(a)]	-	-
TOTAL	**150.0**	**87.5**
Geoffrey Godet – Chief Executive Officer		
Remunerations due for year	986.0	1,430.5
Valuation of multi-year variable remuneration granted during the year	-	-
Valuation of the options granted during the year[(a)]	-	-
Valuation of the performance shares granted during the year[(a)]	335.2	356.4
TOTAL	**1,321.2**	**1,786.9**

(a) The amount shown is the total cost of allocations made during the year.

SUMMARY OF REMUNERATION PAID TO CORPORATE OFFICERS

	31 January 2021		31 January 2020	
(In thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Didier Lamouche – Chairman since 28 June 2019				
Fixed remuneration	120.0	120.0	70.0	70.0
Annual variable remuneration	-	-	-	-
Multi-annual variable remuneration	-	-	-	-
Compensation of directors[(a)]	30.0	30.0	17.5	17.5
Benefits in kind	-	-	-	-
TOTAL	**150.0**	**150.0**	**87.5**	**87.5**
Geoffrey Godet – Chief Executive Officer				
Fixed remuneration[(b)]	607.4	607.4	603.3	603.3
Annual variable remuneration[(c)]	-	705.1	603.3	706.6
Multi-annual variable remuneration	-	-	-	-
Compensation of directors	30.0	30.0	30.0	30.0
Benefits in kind	16.6	198.8	193.9	193.9
Exceptional remuneration[(d)]	332.0			
TOTAL	**986.0**	**1,541.3**	**1,430.5**	**1,553.8**

(a) Prorata temporis.
(b) The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The exchange rate used is the budget exchange rate, which corresponds to 1.15.
(c) The annual variable remuneration "due" corresponds to the bonus provisionned at 100% (and up to 150% if the targets are exceeded) in Quadient S.A. and Quadient Holdings USA Inc. financial statements at the end of the financial year while the annual variable "paid" corresponds to the bonus paid relative to the previous year, on the basis of the definitive approved percentages.
(d) Bonus provisioned in Quadient S.A. and Quadient Holdings USA Inc. financial statements at the end of the financial year for the proper management of the COVID-19 crisis, see remuneration of the Chief Executive Officer.

SUMMARY OF COMPENSATION OF DIRECTORS AND OTHER REMUNERATION OF CORPORATE OFFICERS

(In thousands of euros)	31 January 2021	31 January 2020
Didier Lamouche – Chairman		
Compensation of directors	30.0	17.5
Other remuneration	-	-
TOTAL	**30.0**	**17.5**
Geoffrey Godet – Chief Executive Officer		
Compensation of directors		
Other remuneration	30.0	30.0
TOTAL	**30.0**	**30.0**

Corporate officers	Employment contract	Supplementary pension plan	Compensation or benefit likely to be paid in case of termination or change in function	Non-compete clause compensation
Didier Lamouche – Chairman	no	no	no	no
Start of the mandate: 28 June 2019				
End of the mandate: General Meeting called to approve the financial statements as at 31 January 2022				
Geoffrey Godet – Chief Executive Officer	no	yes[(a)]	yes[(a)]	no
Start date of the mandate: 1 February 2018				
End date of the mandate: General Meeting called to approve the financial statements as at 31 January 2021				

(a) See chapter 2.4.6.2 of this universal registration document – the commitments mentioned in the fourth paragraph of article L.225-37-3.

COMPENSATION OF THE CHAIRMAN

Didier Lamouche has been designated President of the Board of Directors during the Annual General Meeting held on 28 June 2019.

The remuneration of the Chairman consists of compensation of directors and a fixed annual compensation.

Compensation of directors (formerly director fees) paid to Didier Lamouche relate to his appointment at Quadient S.A.

As of 31 January 2021, no loans or guarantees have been granted to any manager.

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's remuneration is partly fixed and partly variable. Variable remuneration is based on the Group's performance in terms of sales, operating margin and capital employed for 80% of the target bonus, along with specific objectives on individual performance for 20%. Variable remuneration shown in the column amounts paid of this table is the amount paid in the current year but relative to the previous year. The variable remuneration paid to the Chief Executive Officer is equal to 100% of his fixed remuneration when all objectives are achieved, and to 150% maximum in case of overachievement. With regard to the financial year ended on 31 January 2021,

Compensation of directors paid to Geoffrey Godet relate to his appointment at Quadient S.A.

With respect to pensions, the Chief Executive Officer and other group executives have a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the maximum amount as determined by Social Security.

In order to benefit from this pension, the Chief Executive Officer has to liquidate his retirement pensions in the French Social Security system and complementary pension schemes.

Geoffrey Godet, Chief Executive Officer of Quadient SA, has decided to renounce to his 2020 annual variable remuneration and the payment of his supplementary pension for the year.

The Board of Directors, following the decision of the Chief Executive Officer to waive any right to an annual variable for the financial year 2020 and upon the recommendation of the Appointments and Remuneration on the basis of the 2020 remuneration policy approved during the last General Meeting, decided to take into account the proper management of the COVID-19 crisis and its consequences on Quadient in the remuneration of the Chief Executive Officer by granting him an exceptional remuneration, to be assessed on objective and measurable criteria with reference, in particular, to the recommendations of the Afep-Medef code and taking into account market practices.

the Board of Directors assessed the performance of the Chief Executive Officer and noted that as those criteria have been met, the amount of this exceptional remuneration shall be set at 204,000 euros and 44,800 US dollars.

This exceptional remuneration is not exceeding the average pay-out received by the Executive Committee of Quadient whose members had waived a significant part of their variable in April 2020 as part of the solidarity initiatives taken by the management team.

The payment of this exceptional remuneration will be subject to the ex-post vote of the General Meeting convened to approve the financial statements of the financial year ending 31 January 2021.

As of 31 January 2021, no loans or guarantees have been granted to any manager.

STOCK SUBSCRIPTION OR STOCK PURCHASE OPTIONS GRANTED DURING THE YEAR TO CORPORATE OFFICERS

	Plan number and date	Nature of options	Valuation of options[(a)]	Number of options granted during the year	Exercise price	Exercise period
Didier Lamouche – Chairman[(b)]	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer[(b)]	-	-	-	-	-	-

(a) *IFRS valuation.*
(b) *No stock options were attributed during the year.*

STOCK SUBSCRIPTION OR STOCK PURCHASE OPTIONS EXERCISED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR

	Plan number and date	Number of options exercised during the year	Exercise price
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

FREE SHARES

There are several objectives in the grant of free shares:

- attracting and retaining employees with strong potential;
- acknowledging exceptional performance;
- inspiring strong motivation and commitment to the Company's results through specific free share plans called co-investment and performance based on the Group's future performance.

PERFORMANCE SHARES GRANTED DURING THE YEAR FOR CORPORATE OFFICERS

	Date of the plan	Number of shares attributed	Shares valuation[a] (in thousands of euros)	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	15/01/2021	40,000[b]	335.2	16/01/2024	16/01/2024	Chiffre d'affaires TSR relatif[c]

(a) *IFRS valuation.*
(b) *i.e 0.12% of the share capital.*
(c) *TSR: Total shareholders Return.*

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE YEAR FOR EACH EXECUTIVE DIRECTOR

	Date o f the plan	Number of shares which became available	Number of shares that met the vesting conditions
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer		-	-

15-2: Remuneration of non-executive directors

(In euros)	31 January 2021	31 January 2020
Compensation of directors (formerly directors' fees)		
Martha Bejar	41,500	31,500
Hélène Boulet-Supau	51,500	51,500
Éric Courteille	51,500	51,500
Virginie Fauvel	41,500	41,500
William Hoover Jr.	41,500	28,133
Christophe Liaudon, employees' representative	31,500	13,125
Nathalie Labia, employees' representative	11,454	-
Vincent Mercier	61,500	76,500
Richard Troksa	51,500	51,500
Nathalie Wright	38,636	35,567
Total compensation of non-executive directors	**422,090**	**380,825**
Other remuneration	**-**	**-**
Chairman's compensation of directors	**30,000**	**30,000**
Chief Executive Officer's compensation of directors	**30,000**	**30,000**
TOTAL FOR NON-EXECUTIVE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**482,090**	**440,825**
Maximal amount authorized by the General Meeting	495,000	495,000

In respect of their mandate as a director the Chairman of the Board and the Chief Executive Officer receive a fixed amount of 30,000 euros per year for 100% attendance.

BOARD MEMBERS

The methods for calculating the remuneration of non-executive directors (formerly attendance fees) are as follows:

- director's basic fees: 15,500 euros per year.

The Board of Directors met twelve times during financial year 2020:

- attendance remuneration I: maximum of 13,000 euros per year for (ordinary) scheduled meetings; amount may be reduced based on personal attendance at each meeting (attendance remuneration I = 13,000 euros/ number of ordinary meetings * attendance rate at these scheduled meetings);
- attendance remuneration II: maximum of 3,000 euros per year, regardless of the number of extraordinary meetings convened during the year; amount may be reduced based on personal attendance at each of these meetings (attendance remuneration II = 3,000 euros/ number of extraordinary meetings * attendance rate at these unscheduled meetings);
- in the event that no extraordinary meetings are convened, the 3,000 euros shall be allocated to each person in proportion to his or her actual attendance at the (ordinary) scheduled meetings;
- the total attendance remuneration (variable portion) is therefore a maximum of 16,000 euros per year, and the annual total amount of attendance remuneration is a maximum of 31,500 euros.

The committees' fees are subject to assiduity.

- committee members: 10,000 euros per year;
- committee Chairperson: 20,000 euros per year.

These remuneration criteria described above will be applied as part of 2020's director's remuneration policy.

The non-executive directors do not receive any remuneration from Quadient S.A. other than compensation of directors.

As of 31 January 2021, no loans or guarantees have been granted to any director.

As of 31 January 2021, no post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company.

NOTE 16 HEADCOUNT

The number of employees of Quadient S.A. as at 31 January 2021 is 43.

NOTE 17 POST-CLOSING EVENTS

In February 2021, Quadient exercised the option of early reimbursement at par of its bond 2.5% for an amount of 163.2 million euros.

On 22 March 2021, Quadient announced the acquisition of the FinTech Beanworks, leader in SaaS accounts payable automation solutions. Quadient holds 96% of Beanworks for an amount of approximately 70 million euros excluding the costs related to the deal.

Between the end of the financial year at 31 January 2021 and the approval of the statutory financial statements by the Board of Directors, there were no significant changes in the Company's commercial or financial situation.

6.5 Statutory auditors' report on the financial statements

Year ended January 31, 2021

To the Annual General Meeting of Quadient S.A.,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Quadient S.A. for the year ended January 31, 2021

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at January 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from February 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Financial assets in subsidiaries

Risk identified	Our response
Financial assets in subsidiaries amount to EUR 1,149 million net at January 31, 2021. As described in the note 4 to the annual financial statements ("Financial assets"), financial assets are valued at their acquisition cost or at their contribution value. An impairment test is carried out at least once a year through the projection of future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years. Impairment is recorded when the assets recoverable value is lower than their carrying value. The result of this test relies on the judgments and estimates of management, on which these assumptions are based. Changes to assumptions could lead to material changes in the estimated recoverable amount. We consider the valuation of financial assets in subsidiaries to be a key point of the audit matter, in connection with the estimates related to forecasts and to the discount rate used, as well as the involvement of management's judgment and their significant impact in the accounts.	We have assessed the compliance of the methodology used by the Company for carrying out the test, identifying impairment triggers and estimating the recoverable value of each financial assets with accounting standards. We have analyzed the consistency of forecasts of future cash flows prepared by management and compared the assumptions with available data on the market. We have also compared the book values of financial assets in subsidiaries of the company, first with the asset recoverable value resulting from cash flows of all subsidiaries, then with the share in equity of all subsidiaries restated of dividends paid over the last three years

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code *(Code de commerce)*.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code *(Code de commerce)*, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)*, prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Quadient S.A. by your Annual General Meeting held on July 8, 2004 for FINEXSI Audit and held on September 9, 1997 for ERNST & YOUNG et Autres

As at January 31, 2021, FINEXSI Audit was in the 17th year and ERNST & YOUNG et Autres in the 24th year of total uninterrupted engagement (which is the 22nd year since securities of the Company were admitted to trading on a regulated market).

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, May 11, 2021

The Statutory Auditors

French original signed by

FINEXSI AUDIT	**ERNST & YOUNG et Autres**
Lucas Robin	May Kassis Morin

7

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1 Quadient S.A. share capital

7.1.1 SECURITIES GIVING ACCESS TO CAPITAL

On 16 June 2015, Quadient S.A. (formerly Neopost S.A.) issued net share settled undated unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the "*Freiverkehr*" open market of the Frankfurt stock exchange under ISIN code FR0012799229 (see note 14-2 to the consolidated financial statements chapter 6).

Moreover, the stock options and free shares are described in note 10-4 of the consolidated financial statements in this universal registration document.

The maximum number of shares that may result from the exercise of these stock options is 95,458. At 31 January 2021, none of the stock options were in the money.

7.1.2 CHANGES IN QUADIENT S.A.'S SHARE CAPITAL

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2007	Capital increase through the exercise of options	EUR 1	EUR 33.18	315,818	32,222,905	EUR 33,222,905
23/03/2007	Cancellation of treasury stock	EUR 1	EUR 86.62	(776,834)	31,446,071	EUR 31,446,071
31/01/2008	Capital increase through the exercise of options	EUR 1	EUR 37.40	262,853	31,708,924	EUR 31,708,924
01/04/2008	Cancellation of treasury stock	EUR 1	EUR 76.98	(724,364)	30,984,560	EUR 30,984,560
31/01/2009	Capital increase through the exercise of options	EUR 1	EUR 37.94	188,135	31,172,695	EUR 31,172,695
31/03/2009	Cancellation of treasury stock	EUR 1	EUR 21.29	(335,178)	30,837,517	EUR 30,837,517
11/01/2010	Share issue under the interim dividend payment	EUR 1	EUR 53.46	326,501	31,164,018	EUR 31,164,018
31/01/2010	Capital increase through the exercise of options	EUR 1	EUR 38.94	57,869	31,221,887	EUR 31,221,887
11/08/2010	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 52.37	569,868	31,791,755	EUR 31,791,755
11/01/2011	Share issue under the interim dividend payment	EUR 1	EUR 55.98	439,432	32,231,187	EUR 32,231,187
31/01/2011	Capital increase through the exercise of options	EUR 1	EUR 42.29	63,176	32,294,363	EUR 32,294,363
31/07/2011	Capital increase through new shares	EUR 1	EUR (1)	27,370	32,321,733	EUR 32,321,733
04/08/2011	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 51.24	647,183	32,968,916	EUR 32,968,916
11/01/2012	Share issue under the interim dividend payment	EUR 1	EUR 46.93	441,071	33,409,987	EUR 33,409,987
31/01/2012	Capital increase through the exercise of options	EUR 1	EUR 39.37	42,055	33,452,042	EUR 33,452,042
27/07/2012	Capital increase through new shares	EUR 1	EUR(1)	18,820	33,470,862	EUR 33,470,862
03/08/2012	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 33.72	954,426	34,425,288	EUR 34,425,288

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2013	Capital increase through the exercise of options	EUR 1	EUR 31.03	15,030	34,440,318	EUR 34,440,318
31/01/2014	Capital increase through the exercise of options	EUR 1	EUR 46.78	107,685	34,548,003	EUR 34,548,003
31/01/2015	Capital increase through the exercise of options	EUR 1	EUR 54.89	14,601	34,562,604	EUR 34,562,604
31/01/2016	Capital increase through the exercise of options	EUR 1	EUR 50.00	308	34,562,912	EUR 34,562,912

There were no changes in Quadient S.A.'s share capital between 1 February 2016 and 31 January 2021.

7.1.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Total number of voting rights and shareholders

At 31 January 2021, the Company's share capital comprised 34,562,912 shares, each carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the high proportion of capital owned by foreign entities and the high trading volumes, the Company does not know the exact number of shareholders. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned in chapter 3 of this universal registration document.

In addition to the ownership disclosure requirements as defined under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their interest. This requirement was introduced by the Annual General Meeting of 5 October 1998. Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

Quadient S.A. is controlled neither directly nor indirectly. There is no agreement which might lead to a change of control.

Treasury shares

The number of treasury shares at the end of January 2021 was 173,367 of which 153,863 shares held within the framework of the liquidity contract and 19,504 shares acquired to fulfil the obligations relating to the stock-option and free share plans awarded to employees or corporate officers.

In 2005, Quadient signed a liquidity contract with Exane BNP Paribas worth a total value of 8 million euros. At 31 January 2021, the Group owned 153,863 shares within the framework of this liquidity contract, with a book value of 2.8 million euros.

7.1.4 CHANGES IN SHAREHOLDER STRUCTURE

Please refer to the section "Shareholder structure" in chapter 3 "Management report" of this universal registration document.

7.1.5 TRANSACTIONS CARRIED OUT ON QUADIENT SHARES BY MEMBERS OF THE BOARD

	Net change	Number of shares owned at 31 January 2021	Number of shares owned at 31 January 2020
Hélène Boulet-Supau		850	850
Martha Bejar		695	695
Éric Courteille		267	267
Virginie Fauvel		730	730
Geoffrey Godet	+6,616	32,866	26,250
William Hoover Jr.		200	200
Nathalie Labia		0	n/a
Didier Lamouche	+2,000	2,000	0
Christophe Liaudon		1,015	1,015
Vincent Mercier	+2,500	9,000	6,500
Richard Troksa		1,500	1,500
Nathalie Wright		1,015	1,015

Didier Lamouche has acquired 2,000 shares since January 31, 2021. As of the publication of this document, he owns 4,000 shares.

Nathalie Labia has acquired 220 shares since January 31, 2021. As of the publication of this document, she owns 220 shares.

7.1.6 PLACE OF THE ISSUING ENTITY IN THE SCOPE OF CONSOLIDATION

Refer to note 3-4 in chapter 6 “Consolidated financial statements” of this universal registration document.

7.1.7 PLEDGES, WARRANTIES AND SECURITIES ON QUADIENT’S SHARES OR ASSETS

None.

7.2 Quadient shares

7.2.1 MARKET FOR QUADIENT SHARES

Shares

Quadient shares are listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small and EnterNext® Tech 40 indices.

As a reminder, the Group being listed as of September 25, 2019, under the name Quadient in place of Neopost and under the QDT ticker in place of NEO.

OWN SHARE PURCHASES

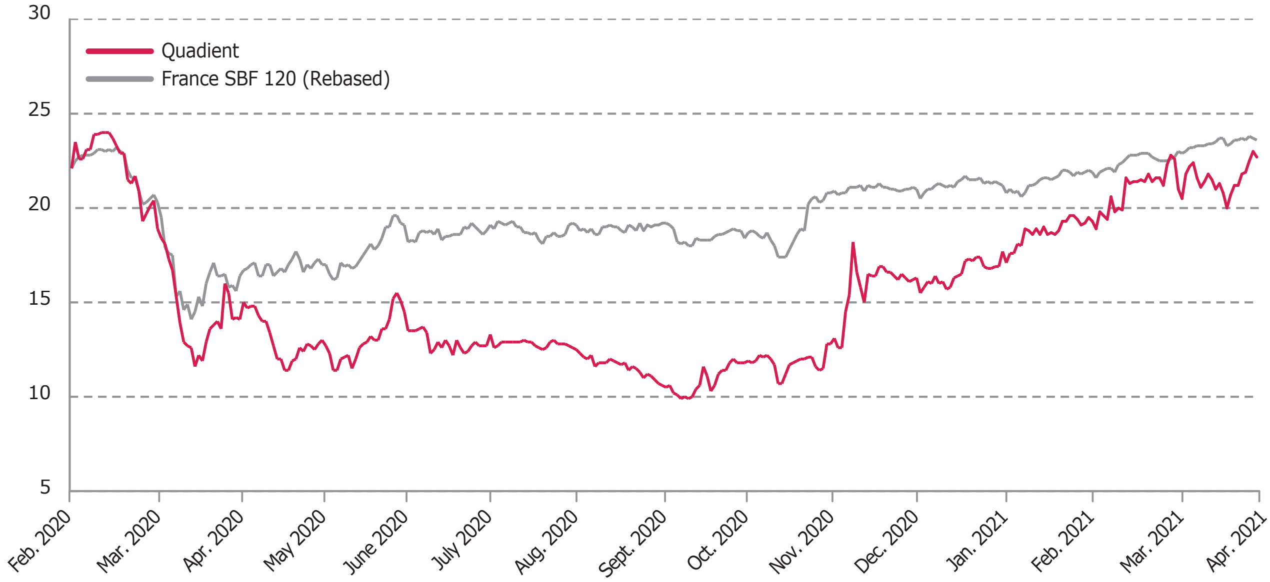
In accordance with articles L.225-209 *et seq.* of the French commercial code, Quadient S.A. is authorized to buy its own shares notably for the purposes of cancelling them and regulating its share price. This authorization was renewed by the 6 July 2020 Annual General Meeting, and is subject to the following conditions:

- maximum purchase price: 50 euros;
- the maximum number of Quadient shares that Quadient S.A. may acquire under this authorization is equal to 10% of its total number of shares in issue.

At 31 January 2021, Quadient S.A. used this authorization and owned 173,367 shares (of which 153,863 shares held within the framework of the liquidity contract), with a book value of 3.3 million euros.

7.2.2 SHARE PRICE PERFORMANCE

Since 1 February 2020 until April 30, 2021, relative to the SBF 120 index:



7.2.3 SHARE PRICE AND TRADING INFORMATION OVER 18 MONTHS

	Highest price *(in euros)*	Lowest price *(in euros)*	Average daily trading volume	Average daily trading value *(in millions of euros)*
September 2019	21.20	17.44	61,563	1.18
October 2019	19.83	17.60	53,530	0.99
November 2019	20.44	18.15	48,785	0.95
December 2019	22.56	18.72	55,004	1.16
January 2020	22.44	20.18	44,760	0.96
February 2020	24.30	19.32	61,323	1.38
March 2020	20.70	11.50	103,389	1.61
April 2020	15.50	11.06	66,175	0.85
May 2020	13.52	10.67	77,240	0.95
June 2020	15.90	12.05	104,565	1.40
July 2020	13.56	12.20	46,342	0.59
August 2020	13.26	11.47	39,270	0.48
September 2020	12.09	9.62	91,467	0.98
October 2020	12.40	10.23	89,875	1.03
November 2020	18.40	11.22	158,817	2.27
December 2020	17.13	15.05	87,790	1.43
January 2021	19.05	15.57	104,430	1.80
February 2021	20.12	18.09	77,402	1.48
March 2021	23.70	19.24	108,122	2.29

Source: NYSE Euronext.

7.2.4 DIVIDENDS

See chapter 3 “Management report” and chapter 6 “Quadient S.A. statements of financial position” of this universal registration document.

8

ADDITIONAL INFORMATION

8.1 General information

8.1.1 COMPANY NAME AND HEAD OFFICE

Quadient S.A.

42-46, avenue Aristide Briand, 92220 Bagneux, France.

Telephone: +33 1 45 36 30 00

8.1.2 LEGAL FORM AND JURISDICTION

Limited-liability company with a Board of Directors, governed by French legislation. Quadient S.A. is ruled by the French commercial code and by all other applicable laws and regulations. The Company has two Auditors, as required by the law (see next pages).

8.1.3 DATE OF INCORPORATION AND TERM

Quadient S.A. (then known as Afisup) was incorporated on 21 February 1995 for a period of 99 years, expiring on 1 September 2094.

8.1.4 CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

Quadient S.A.'s purpose is, in France as in all countries, to research, design, manufacture, develop, sell, rent (with or without buy or sell option), distribute and maintain machines, equipment and software for the processing and routing of mail and parcels, along with all other office machines, equipment and software and all accessories required for the installation and operation of these machines, equipment and software. Its purpose also includes carrying out all subcontracting operations, providing all services and exploiting all patents, brands, expertise and procedures concerning these machines, equipment and software.

8.1.5 REGISTRATION

Quadient S.A. is registered with the Nanterre commerce and companies' registry under no. 402 103 907.

8.1.6 CONSULTATION OF LEGAL DOCUMENTS

Documents and information relating to Quadient S.A. may be consulted at the Company's head office.

8.1.7 FINANCIAL YEAR (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Each Quadient S.A. financial year lasts twelve months, starting on 1 February and ending on 31 January of the following calendar year.

8.1.8 APPROPRIATION OF EARNINGS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

Profits are determined and appropriated in accordance with the laws and regulations in force.

8.1.9 ANNUAL GENERAL MEETING (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings are convened and hold deliberations in accordance with the law. Admission is governed by the French commercial code. Each share in the Company carries one voting right. There are no double voting rights. There are no restrictions on voting rights. The terms for exercising voting rights comply with the laws and regulations in force.

8.1.10 STATUTORY THRESHOLD CROSSING DISCLOSURES (SUMMARY OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

In addition to the ownership disclosure requirements stated under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their holding. This requirement was introduced by the Annual General Meeting of 5 October 1998. Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

8.2 Recent events

Strategic partnership with the major parcel delivery player Relais Colis to roll-out 500 parcel lockers in French retails store

On 13 April 2021, Quadient announced a strategic partnership with Relais Colis, a major player in parcel delivery to consumers in France. Through the partnership, Quadient will drive the roll-out of its new Parcel Pending Lite automated lockers to large and medium-sized retail partners of the Relais Colis network in France.

Through an agreement for 500 units to be progressively installed in France over three years, Relais Colis is trustingQuadient in what will be one of the first large-scale deployments of the new Parcel Pending Lite unit after its global launch in 2020. This innovative and patented solution provides multiple benefits to Relais Colis, to the stores where it will be installed and to online shoppers.

Quadient Increases its Commitment to ESG by Joining the United Nations Global Compact as a Signatory Member

On 25 March 2021, Quadient announced it has joined the United Nations Global Compact, the world's largest corporate sustainability initiative. Quadient joins more than 12,000 companies across the globe in aligning strategies and operations with the UN Global Compact's ten universal principles on human rights, labor, environment and anti-corruption.

Quadient's approach to corporate responsibility is based on improving working conditions, promoting a culture of integrity, reducing its environmental footprint, providing innovative, reliable and sustainable solutions, and supporting the communities in which the company operates. These pillars have been aligned with the UN Global Compact principles that Quadient commits to respect, support and promote by joining the initiative. Becoming a signatory member also implies taking action to advance the UN Sustainable Development Goals (SDGs), eight of which Quadient is already committed to.

This decision demonstrates Quadient's commitment to corporate social responsibility and will support further advancement of the company's strategic initiatives on Environmental, Social and Corporate Governance (ESG).

Acquisition of Beanworks, a Leading FinTech in SaaS Accounts Payable Automation Solutions

On 22 March 2021, Quadient announced the signing of a definitive agreement to acquire Beanworks, a fast-growing market leader specializing in Software as a Service (SaaS) Accounts Payable Automation solutions.

Beanworks was founded in 2012 and is headquartered in Vancouver, Canada. A highly performing FinTech with an attractive SaaS recurring revenue model and a track record of high double-digit annual revenue growth, Beanworks supports the accounts payable processes of nearly 800 customers that, combined, currently process more than 11.9 billion euros a year through the platform. The global market for accounts payable (AP) automation is growing rapidly, accelerated by the global pandemic and the increasing number of teams working from home, driving businesses of all sizes to reflect on the benefits of digitalizing their financial processes and shifting to electronic payments. Adroit Market Research anticipates the AP automation market will reach 4 billion US dollars by 2025.

With a comprehensive SaaS AP/AR automation offer, Quadient is now uniquely positioned to address the emerging e-invoicing regulations in Europe and the growing demand for cashflow management solutions, bringing greater control and better visibility to accounting teams around the world.

At the closing of the transaction, which occurred on 25 March 2021, Quadient owns a majority stake of c. 96% in Beanworks, with two key leaders retaining a minority equity stake. Quadient has a mechanism to increase its ownership up to 100% in the coming years. The purchase price, excluding transaction-related costs, amounts slightly above 70 million euros. The acquisition was financed entirely in cash, without recourse to additional debt.

Despite the global pandemic, Beanworks saw c. 70% year-over-year revenue growth in 2020 and is expected to achieve revenue of roughly 7 million euros at the end of 2021. The company has approximately 90 employees.

Quadient nearly doubles US Smart Locker Installations in 2020 and reaches 13,000 units worldwide

On 1 March 2021, Quadient announced its base of smart locker stations has surpassed 13,000 worldwide, representing more than 600,000 boxes overall and positioning Quadient as the second largest[1] global provider of Parcel Locker Solutions.

Driven by consumer demand for safer and more secure package retrieval and the continued growth of online commerce, Parcel Pending by Quadient smart locker solutions have been installed at multifamily properties, major retailers, leading universities, corporate campuses and pick-up and drop-off (PUDO) locations. In the first nine months of the company's financial year 2020, ending 31 January 2021, Quadient saw a 78% jump in the number of packages delivered using its smart lockers.

Quadient appoints Laurent du Passage as Chief Financial Officer

On 26 February 2021, Quadient announced the appointment, as of 1 March 2021, of Laurent du Passage as Chief Financial Officer. he has been with Quadient since 2014, having held several positions, including that of Chief Financial Officer of Quadient's Customer Experience Management business and Chief of Staff to the CEO. Most recently, Laurent du Passage was Quadient's VP Controller. He is taking over from Christelle Villadary, who made the decision to give a new direction to her career.

Quadient moves up three places in the 2020 Gaïa Research Ranking

On 18 February 2021, Quadient that it also holds the fifth position among companies with revenues above EUR 500 million. Every year, the rating recognizes the best performing companies in France in environmental, social and corporate governance (ESG), among a selected panel of 230 small and medium-sized companies listed on Euronext Paris.

Quadient exercises its residual maturity par call for its bond maturing in June 2021

On 8 February 2021, Quadient announced the exercise of the residual maturity par call for its bond ISIN FR0011993120, maturing on 23 June 2021, for a total amount of 163.2 million euros. The exercise of this call occurred on 23 March 2021.

As a reminder, on 23 January 2020, Quadient issued a new 325 million euros bond, maturing in 2025 and bearing a 2.25% coupon, this issue being specifically allocated to the refinancing of the June 2021 maturity.

(1) *Source: Quadient market analyses*

8.3 Officer responsible for the universal registration document and Auditors

8.3.1 OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Geoffrey Godet, Quadient S.A. Chief Executive Officer.

8.3.2 AUDITORS

Statutory auditors

- Ernst & Young et Autres

Represented by May Kassis-Morin

ERNST & YOUNG et Autres, Tour First, TSA 14444, 92037 Paris-La Défense Cedex – France

Member of the Compagnie Régionale de Versailles

Start of first appointment: 9 September 1997 (for the remaining term of the preceding Auditor's appointment)

Duration of current appointment: six years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

- Finexsi Audit

Represented by Lucas Robin

14, rue de Bassano – 75116 Paris – France

Member of the Compagnie Régionale de Paris

Start of first appointment: 6 July 2010

Duration of current appointment: six years (from 1 July 2016)

The appointment of Finexsi Audit was renewed during the Annual General Meeting on 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

Alternate Auditors

- Auditex

Tour First, TSA 14444, 92037 Paris-La Défense Cedex – France

Alternate Auditor to Ernst & Young et Autres

Start of first appointment: 8 July 2008

Duration of current appointment: six years (from 1 July 2014)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2020.

- Olivier Courau

14, rue de Bassano – 75116 Paris – France

Alternate Auditor to Finexsi Audit

Start of first appointment: 1 July 2016

Duration of current appointment: six years (from 1 July 2016)

Olivier Courau was appointed alternate Auditor during the Annual General Meeting on the 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

8.4 Statements by officer

“I hereby certify that the information contained in this universal registration document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I further certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets and liabilities, financial position and results of the Company and all the undertakings included in the consolidation, and that the information included in this universal registration document within the management report and listed in the table of concordance in section 8.7.3 presents a fair view of the development and performance of the business, results and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed”.

Geoffrey Godet,

Chief Executive Officer

8.5 Fees paid to the statutory auditors and members of their networks

Refer to the note 16 in chapter 6 “Consolidated statements of financial position” of this universal registration document.

8.6 Information policy

8.6.1 OFFICERS IN CHARGE OF FINANCIAL INFORMATION

Laurent Du Passage	Group Chief Financial Officer
Laurent Sfaxi	Financial communication Director
Address	Quadient S.A. 42-46, avenue Aristide Briand 92220 Bagneux, France
Telephone	+33 1 45 36 30 00
Fax	+33 1 45 36 30 30
Website (French/English)	www.quadient.com
Financial Communications and Investor Relations website	https://invest.quadient.com/en-US

8.6.2 SHAREHOLDER INFORMATION

This document will be sent to shareholders free of charge upon request. Documents and information relating to Quadient can be consulted at the Company's head office.

This universal registration document and all press releases, analyst presentations, annual reports and other information may be consulted on the Financial Communications and Investor Relations website: https://invest.quadient.com/en-US.

8.6.3 FINANCIAL COMMUNICATION SCHEDULE

26 May 2021	First-quarter 2021 sales
1 July 2021	Annual General Meeting
27 September 2021	Second-quarter 2021 sales and first-half 2021 results
23 November 2021	Third-quarter 2021 sales
31 January 2022	End of 2021 fiscal year
March 2022	Fourth-quarter 2021 sales and full-year 2021 results

8.7 Concordance tables

8.7.1 HEADINGS UNDER APPENDIX 1 OF REGULATION (UE) 2017/1129

8.7.2 ANNUAL FINANCIAL REPORT TABLE OF CONCORDANCE

	Pages
Company financial statements	214 to 243
Consolidated financial statements	138 to 204
Management report	72 to 80, 86 to 100
Analysis of profit and loss, changes in business, financial position and debt position	72 to 80
Use of financial instruments by the Company	190 to 198, 231 to 237
Key financial and non-financial performance indicators	8 to 11, 102 to 136
Principal risks and uncertainties facing the Company and all of the entities taken as a whole included in the consolidation	86 to 100
Summary table of valid delegations with respect to capital increases	68
Information mentioned in article L.225-100-3 of the French commercial code: factors likely to have an impact in the event of a public offering	69
Information mentioned in article L.225-211 of the French commercial code: buybacks of its own shares by the Company	80, 253
Declaration by the person responsible for the annual financial report	260
Statutory auditors' report on the Company financial statements	244 to 247
Statutory auditors' report on the consolidated financial statements	205 to 209
Statutory auditors' special report on regulated agreements and commitments	70
Statutory auditors' fees	204
Report of the Board of Directors on corporate governance	28 to 69
Statutory auditors' report on the report prepared by the Board of Directors	n/a

8.7.3 TABLES OF CONCORDANCE FOR THE MANAGEMENT REPORT

Articles L.225-100 *et seq.* of the French commercial code

	Pages
Situation and activity of the Group in 2020	**6 & 7, 72 to 79**
Analysis of changes in the business, results and the financial position of the Company and the Group	72 to 79
Major events between the year end and the date of preparation of the management report	203, 210, 243, 257 & 258
Developments and outlook for the future	23 & 24, 83
Research and development	24 & 77
Company financial statements	
Balance sheet and Income Statement	214 to 216
Expenses and charges stipulated in article 223 *quater* of the French general tax code	230
Supplier settlement periods	211
Acquisitions of investments or controlling interests during the fiscal year in companies whose registered office is located in France	n/a
Five-year financial summary	212
Subsidiaries and investments	220 to 222
Main risk factors	
Risks related to operations	90
Legal risks	92
Equity risk	93
Credit and counterparty risk	93
Liquidity risk	93
Financial and market risk	93
Risks associated with employee-related liabilities	148 & 149, 177 & 178
Insurance	95
Notes on the use of financial instruments	190 to 198
Governance	
Organization of group management activities	30
List of offices and duties exercised in companies by corporate officers during the last fiscal year	30 to 34
Compensation and benefits paid to corporate officers during the last fiscal year	49 to 63
Commitments given in favor of executive corporate officers	63 to 67
Options and performance shares granted to executive corporate officers	58 & 59
2020 compensation of the Chairman and of the Chief Executive Officer	54 to 63
Summary of transactions carried out in 2020 by members of the Board of Directors and other senior managers involving Quadient shares	252
Agreements between an executive officer or a major shareholder and a subsidiary	35
Information on related party agreements	65
Non-financial performance statement	
Business Model	8 & 9
Non-financial performance statement	8 & 9, 101 to 130

This document is printed in France by an Imprim'Vert certified printer on PEFC certified paper produced from sustainably managed forest.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

42-46, avenue Aristide Briand
92220 BAGNEUX - FRANCE

www.invest.quadient.com/en-US